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NEAR EAST/NORTH AFRICA REPORT

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SOVIET INITIATIVES FOR MIDEAST SOLUTION DISCUSSED

Paris AL-MUSTAQBAL in Arabic No 260, 13 Feb 82 pp 26-27

[Article by Ghassan Bayram: "Moscow to Palestinians: Your State Is Almost Here; Work to Unify Arab Position"]

[Text] Since the Soviet Union decided to convert the PLO office in Moscow into an embassy, Soviet diplomacy on various levels has confirmed in more than one field and on more than one occasion that the Palestinian state has become imminent.

The first one to bear this conviction and spread it in some Arab and Lebanese circles was roving Soviet Ambassador Mikhail (Sitenko), who about 2 months ago visited Lebanon and a number of Arab capitals on a tour which at that time was said to be a factfinding mission.

The same impression was borne by a delegation of the Central Committee of the Soviet Communist Party which visited Lebanon a few days ago. This delegation was composed of the deputy chief of the International Relations Department of the Central Committee of the Soviet Communist Party, Karen Brutents; the official in charge of the Arab Countries Department in the Committee, Yuri Gryadunor; and the official in charge of the Lebanese Department of the International Relations Division, Vyacheslav (Matuzov).

This very limited diplomatic movement has been given many interpretations, such as saying that it is a kind of response to the widespread and concentrated American movement in the Middle East and a reminder to the Americans that the Soviets are present in the region, that they have friends with whom they can consult on positions they must take, and consequently that they have bases from which they can operate to confront what they consider to be the American attack on the region.

This was one of the most important explanations given, but the thing that was clearer was that Moscow, in the past 2 months and immediately after PLO President Yasir 'Arafat's visit there, has been intent on putting a number of states of the region and some Arab powers in the picture of the new given quantities which have come into existence. They have played a considerable part in shaping a complete conviction on the part of the Soviet leadership in the party and the state that the Palestinian "state" is coming and that Soviet

interests require an advanced level of relations with the Palestinian revolution, represented by the PLO.

This has been expressed by raising the level of Palestinian representation to an embassy. Among the most prominent of these givens were:

First: The Palestinian cause has been able to achieve victories for itself in various international fields which have forced many international societies to recognize the Palestinian right to self-determination and to the establishment of a Palestinian state. This has led to the heart of many concepts and adjustments which have meant that the world cannot see a way to solve the Middle East crisis without recognizing the legitimate rights of the Palestinian people and their right to establish their state.

Second: Although more than 4 years have passed, the Camp David agreements have been unable to achieve more than the signing of a separate peace treaty between Israel, which has the largest military force in the region, and Egypt, the biggest and strongest Arab state, under the protection and supervision of a major power, the United States. However, this triumvirate, which possesses all the capabilities of pressure and force, enticement and intimidation, has failed to impose a solution to the Palestinian problem on the basis of the Camp David agreements. Since the beginning, this American-Egyptian-Israeli triumvirate has faced a blocked path to a decisive final solution to the Palestinian problem. This is proof of the strength of this cause, the strength of its legitimacy, and the power of world and Arab public opinion which surrounds it more and more, day after day.

As an indication of the significance and meaning of the Soviet decisions to establish an embassy for Palestine in Moscow, since it made this decision, and until its delegates arrived in the region, the Soviet capital has persistently mentioned that in a true war on the side of the Vietnamese against the Americans, it did not decide to establish an embassy in Moscow for the Vietnamese revolution until the last days of the war. This occurred only after they were convinced that this revolution would establish its state, with the knowledge that the Vietnamese revolution was militarily advanced in fighting and resisting the American presence and had a government in exile.

A prominent Lebanese leader says that a few weeks before the last meeting between American Secretary of State Alexander Haig and Soviet Foreign Minister Andrey Gromyko, when the situation in Poland was obscure and not yet decided militarily, the Soviet capital had relied on infiltrating a great deal of information through its diplomatic means and through some of its allies and friends in the region. This information indicated that there were contacts and talks under way between Moscow and Washington on the level of experts concerning the Middle East crisis and the Palestinian question. Although it would not be possible to decide some disputes between the two major powers concerning a solution to this crisis, it would be possible to make some progress, especially on reaching an understanding on giving the Middle East problem and the Palestinian question priority on the agenda of the anticipated meeting between the Soviet and American leaders Brezhnev and Reagan

within a year, at most. West German Chancellor Helmut Schmidt is now in charge of the preparations for this.

At the time, this information said that the Soviets, in the early stages of deliberation, felt that the circumstances and developments which had come into being in the past 3 years had gone beyond the content of the well-known Soviet-American statement which former President Jimmy Carter reconsidered 48 hours after it was signed. The Soviets felt that the new circumstances had reached the point where it was necessary to look for a new, advanced basis for peace in the Middle East which would be more far-reaching than the aforementioned statements.

Friends of the Soviets say that the Soviet political leaders were thinking of the effect of this fait accompli on the American position when they set a ceiling for any settlement ending the Arab-Israeli struggle by converting the PLO office in Moscow to an embassy. This means confirming their official recognition of the Palestinian state. As Soviet Ambassador (Sitenko) said during his meetings in the Lebanese capital: "When the Soviet Union, as a major power, decided to open a Palestinian Embassy, it realized the extent of international responsibility which goes along with this step. If the Soviet leadership had not been completely convinced that the Palestinian state would be established, they would not have taken this step."

From this starting point, Soviet advice has started to be sent back to the Arab region through channels and means on various levels. The gist of this advice is that they must not be too hasty to show a positive reaction to some of the American solutions and initiatives which have been coming to the region at this time. Consequently, it is also necessary to show a unified Arab position of solidarity in the face of these American solutions and initiatives, which are still guided by the Camp David strategy.

To the same extent as Soviet policy is now calling for the need to achieve complete coordination and similarity between the Arab and Soviet positions, the Soviet capital feels that this coordination was not previously as necessary as it is now, especially at this stage. Soviet diplomats describe this stage as one of the most important and dangerous stages through which the crisis in the region has yet passed. That is "because we are now living in a stage of establishing final positions, especially with regard to the American administration. It is now confronted with a number of options and has not yet made any choices. The American administration is not expected to enter the stage of selecting its options before the Israeli withdrawal from Sinai is completed next May."

The Soviets also say that the more unified the Arab position becomes, the more it will become a tool to put strong pressure on the American administration. Consequently, this pressure will make the states of the European Common Market more willing to put pressure on Washington, because the Western Europeans ultimately also require strong justification so that they can go as far as possible in demanding that Washington reconsider its policy toward the Arab-Israeli struggle and turn toward considering a dialogue with the PLO and also the subject of an independent Palestinian state.

However, the essence of all of this new Soviet political advice to the Arab states and what it involves is an effort to get a clear, frank Arab position openly supporting an international conference in which the two major powers would participate with the UN and the parties concerned in the crisis of the Arab-Israeli conflict, including the PLO, to discuss a just and lasting peace in the Middle East.

By their new moves the Soviets have reconfirmed their old theory, which is: "Peace in the Middle East can only be achieved through an international conference similar to the Geneva Conference," that is, a peace conference in which Moscow and Washington participate on an equal footing. Barring this, the crisis in the region will continue to fluctuate amid all of its various complications.

It has been said in some Arab and Western European circles that the basic weak point of the Prince Fahd plan is that it does not include a clear article calling for an international peace conference with the participation of the two giants, along the lines of the article contained in the peace initiative submitted by Soviet leader Brezhnev to the 26th Conference of the Soviet Communist Party. It is also said now, especially after the Fez Summit, that the Soviet Union saw in this Arab summit a golden opportunity to "prod" the Americans and consequently to make Washington understand that the Soviets, in all circumstances and situations, continue to have presence and weight in the Middle East, to be exact, in the Arab region, through preventing the passage of the Prince Fahd draft in the Arab Summit. This led to the destruction of this summit in the way in which it ended and left the matter pending, as it is now.

Contrary to what is apparent to those interested in the cause of development of Arab relations who see the lukewarm atmosphere and tensions surrounding them at this time, the question posed is: To what extent will the Arab point of view held by the states of the Steadfastness Front (headed by Syria) be victorious? These states say that the Arabs must take a unified position with the Soviets and insist on calling for an international conference headed by the two giant powers which would be the framework for discussing peace in the Middle East. Is it possible to arrive at a collective Arab position practically linked with the Soviets?

More than one prominent Arab has linked the answer to this type of question to the future of Arab relations, especially with the Soviet and American camps in the region.

One prominent Arab says: "A new fire is now burning under the ashes of relations among the leaders of the Arab world at this stage. We must await the end of the UN General Assembly's discussions concerning the Golan annexation so that the observer will be able to ascertain the situation on which Arab relations will be anchored in the foreseeable future. On that will rest the fate of the possibility of going back to hold a new Arab summit in Fex, as was decided in principle."

The thing which seems strange now to some Arab circles is that the intensity of the interaction of Arab differences of opinion in the face of the Soviet and American issues seems to go far beyond the nature of Soviet activity and interest concerning the region at this time.

In spite of everything, Soviet activity in the region is, if not timid, slow and calm in comparison to the dramatic American action and intervention in every small or large event in the region.

This indeed is now giving rise to many questions on: "Where have the Soviets gone"? Have they struck a deal on Poland and are content with their share, leaving the role in the region to the Americans, or what?

Many circles have come up with analyses and appraisals which often tend toward this conviction, while the friends of the Soviets reject this logic and say that it is entirely unlikely. They explain the limited nature of Soviet activity and the Soviets' decision not to keep in step with American activity at this time by saying: "The Soviets ultimately, like the Western European states, the Arab states, and other international parties, are waiting until after the Israeli withdrawal from Sinai. After that the picture will be completely changed and turned around. Many new given quantities will surface to control the path of all situations, whether international, regional or domestic."

However, this justification relies on certain logic. In the Arab capitals included on his recent tour, Chairman of the U.S. Senate Foreign Relations Committee, Senator Charles Percy, was intent on confirming that his country's policy on the Soviet role in the Middle East will not change, either before or after the withdrawal from Sinai.

Senator Percy stated this more than once when Arab officials raised with him the matter of the Soviet role in arriving at peace between the Arabs and Israel and in the Middle East in general.

In this framework, while Senator Percy was in the Lebanese capital some prominent officials and leaders told him that the lack of Soviet participation in discussions of peace in the Middle East and continued attempts to exclude them from this role will increasingly complicate matters and will make it impossible to achieve a true successful peace.

Senator Percy replied to all of this: "The form of Geneva has died forever!"

7587

CSO: 4404/320

PLANNING, ROLE OF GAZA ISLAMIC UNIVERSITY DISCUSSED

Jerusalem AL-BAYADIR AL-SIYASI in Arabic No 15, 1 Apr . 82 pp 26-27

[Article: "The Islamic University in Gaza is a Bright Source of Light Along with the Other Universities in the Service of the Citizens in the Cause"]

[Text] The Islamic University in Gaza occupies an important position among the institutions in the West Bank and Gaza region. This national citadel has been able to achieve many steps towards supporting the Arab citizen by raising the level of education and participating, along with the rest of the universities and educational establishments, in resisting the deliberate, continuous campaigns of stultification.

The Islamic University, the lofty citadel in Gaza, fought side by side with the other universities in the West Bank, an important and active center participating in a serious way in pushing the wheel of progress forward with firm, believing steps to extract the truths and arrive at goals and aspirations on which we all agree, inside and outside, in spite of the threats, conspiracies, and dispersed conditions.

The university's guiding orientation, the commitment that characterizes it, and the cohesion of the students and staff of the university with the rest of the sectors in the service of the high cause of the people--all these have made it the target of treacherous arrows coming from many directions. Nothing could be further from the desires and orientation of the people. The admirable position taken by this great institution--students, administration, employees, and teachers--is the cause of the emergence of some disgraceful voices fighting the administration of the university. These voices have, intentionally or unintentionally, collaborated with a policy that lashes out at people's institutions.

It is not strange that the university administration is prohibited from drawing on income from outside the country, or that its president, Dr Riyad al-Agha, should be prohibited from traveling to attend the Union of Arab Universities conference, or even to visit his relatives. It is not strange that this should happen at the same time that crows' cries broke forth calling for the university to be diverted from its sound course adhering to the orientations of the people.

The traditional cover in a situation like this is religion. We have affirmed many times in the pages of AL-BAYADIR AL-SIYASI that religion is innocent of all those who try to harm it. Religion is above all sacrifice and responsibility; religion does not allow transgression of the will of the people, which is always in the will of God.

The guiding university, which has been able to achieve much for its students and its people, has brought down all attempts to make it withdraw from participating in carrying its responsibilities.

Those who are controlled by narrow interests and who hate the aspirations of the people resorted to methods of intrigue and provocation against the administration of the university outside the country, accusing its of turning this institution into a "secular" university. These accusers' links with heretical, hostile groups have caused them to describe adherence to the people's causes as departure from religion. They see the university's firm stance and its development in a few years as apostasy. They fear for their own interests because they want such an imposing citadel to turn into a field to cultivate pillage, corruption, and retardation, or at least to become stagnant and turn into a center of opposition to the ambitions of a people which has known its way for 18 years. This explains the misguided campaign of slander and provocation to which this institution is exposed outside the country, with the aim of cutting off its support, after the failure of this campaign at home.

The university council confirmed its ability to overcome difficulties and obstacles. This council succeeded in turning the university into a center of religious, cultural, and national dissemination; this is what explains the high position to which the university has attained, as well as its development toward what is better in all fields.

Here we shed some light on the growth, development, and progress this national educational institution has witnessed and continues to witness, and what it has achieved in a short period of time, and how the council overcame all obstacles to be changed without changing the religious institute, to become a complete university containing a number of faculties.

The idea of founding the Islamic University began in Gaza in 1978 as a development of the Azhar Religious Institute of Palestine in Gaza. Three faculties were opened: the Faculty of Law, the Faculty of the Fundamentals of Religion, and the Arabic Language Faculty. The number of students at the time of its opening was 123, and it had 12 employees, including lecturers and clerks. In 1979 the number of university students increased and reached 260 male and female students. In 1980 three new faculties were opened: the Faculty of Sciences, the Faculty of Business and Economics, and the Faculty of Education. The number of students in the university reached 832 male and female students, and the number of employees in the university reached 39, both lecturers and clerks.

In 1981-82, the number of male and female students rose to 1,878, and the number of lecturers and clerks employed in the university rose to 151. The university expanded in the number of fields of study and expanded to 38

lecture halls and 10 administrative offices. The university has a valuable library, and there is a plan to develop it and prepare a separate building for it. The university recently adopted a system of classes and hours for the first, second, third and fourth levels, keeping the qualifying year system for general secondary school students. Study in the university is in two sessions, morning and evening.

The university took a positive step when it opened a special section for evening studies for graduates of the Teachers' Institute with its three branches--Arabic language, social science, and the math and physics branch, to meet the needs and aspirations of our people.

It should be noted that this year the university will graduate its first group of graduates from the Faculty of Law.

The Islamic University is a member of the West Bank and Gaza Region Council of Higher Education. The president of the university, Dr Riyad al-Agha, is a member of the executive committee of the Council of Higher Education. This national educational institution is a full member of the Union of Arab Universities, and has applied for membership in the International Universities Union. Its stated goal is: The Islamic University in Gaza is a national, Palestinian, Arab, Islamic institution for higher education aiming to serve Islamic and Arab, and especially Palestinian, society in the cultural and educational fields.

The university is located on a plot of land with an area of 105 dunums. The university buildings include two buildings:

a) the west building, containing 21 lecture halls, administrative and financial offices, the university library, and the office of student affairs;

b) the first stage of new buildings completed the university sanctuary (the east building), which was first used at the beginning of the 1981-82 academic year. It consists of 11 lecture halls, offices for the university administration and members of the teaching staff, and laboratories for chemistry, biology, and geological physics. It also includes a cafeteria serving light refreshments and hot drinks to the students and staff of the university.

The library of the Islamic University consists of two halls: a main hall for books, and another for study. The library operates on the open-shelf system, which helps students to get any book they need by the Dewey Decimal System. It contains 6,800 volumes in Arabic and 1,800 books in English, in addition to periodicals. The number of books and periodicals is set to reach 15,000.

Dr Riyad al-Agha, president of the university, who participated in a clear way in the development of the Islamic University and the establishment of its rules and foundations, works to ensure that this institution of higher education, unique in the Gaza region, will continue to carry out its role of moral leadership.

He said, "We were able to overcome many difficulties which cropped up in the way of the university." On the development of the university, Dr al-Agha pointed out that the way is still long and difficult, and that the steps of planning are not stagnant and without evolution. All this demands increased effort and continuous evaluation and self-criticism to know points of weakness and to strengthen strong points in the present structure.

The president of the university continued: "The Islamic University in Gaza finished its fourth year wearing its clearly Islamic clothing."

Dr Riyadh al-Agha appealed to people, wherever they may be, and whoever participates in building, financing, and consultation, to continue to support and give, so that the Islamic University may continue to be venerable and proud, producing men and sagacity. The president of the university confirmed that it will remain the object of hopes and a center of scientific learning in this land, to achieve the aspirations and desires of our people and our coming generations, and to prepare believing Palestinian generations to achieve their goals.

The tangible development of the university and its splendor and activism are a response to all attempts to slander this magnificent people's institution. The faculties of Islamic law enjoy a great share of interest and care alongside the other faculties, of which we are in need. Islamic subjects are also taught at these faculties.

9397

CSO: 4404/500

BRIEFS

ISRAELI-EGYPTIAN TRADE--Israeli exports overland to Egypt have totalled \$15 million in the 15 months since merchandise began to move across the border, according to official customs data. In this period, about 23 thousand tons were exported to Egypt, according to 580 official documents; the majority of the exports was bananas, oil cake, chickens, eggs, paper and tires. Lately, Israel has begun to export china. Imports were much less, 450 tons, mostly newspapers, books and stones. It also seems that in the 15 months up to the end of March, about 515,000 people have passed through the border terminals, coming and going. Apart from the official import and export, it also turns out there is an illegal movement of merchandise. The border between Israel and Egypt is still uncontrolled over most of its desert length, a fact that is well exploited by the bedouin and their accomplices. To prevent smuggling, it has been decided to set up closer collaboration between Israeli and Egyptian customs. A delegation of two senior Egyptian customs officials arrived recently in Israel to discuss the smuggling issue. The Egyptian customs administration decided to continue the exchange of information on smuggling methods and the focus of smuggling between Egypt and Israel. At this meeting, the Egyptian customs authorities turned over information about the various characteristics of smuggled merchandise that was intercepted on the Egyptian side since the start of normalization. [Text] [Tel Aviv HA'ARETZ in Hebrew 11 May 82 p 6] 9794

CSO: 4423/166

SUPREME CONSTITUTIONAL COURT ISSUES SIGNIFICANT DECISIONS

Constitutional Questions Decided

Cairo AL-AKHBAR in Arabic 23 May 82 p 1

[Article]

[Text] The Supreme Constitutional Court has turned down the appeal based on the claim that Article 119 of the Council of State Act [was unconstitutional]. The article stipulates that rulings by members of the Disciplinary Board are final and may not be appealed. The court also ruled that Article 83 of the Judicial Authority Act and Article 104 of the Council of State Act were unconstitutional in implying that decisions to transfer and commission court officers, public prosecution officers and Council of State officers were final and were not to be appealed. The court ruled that Law No 74 for 1970 regarding the status of some suspects who are under police surveillance without a court ruling was unconstitutional.

The court had convened yesterday with Judge Ahmad Mamduh 'Atiyyah presiding to consider cases claiming that some articles of the State Administrative Board Act, the Judicial Authority Act and the Suspect People's Act were unconstitutional.

The court ruled that Article 1 of Law No 74 for 1970 was unconstitutional. This article stipulates that any person who is deemed suspicious, as that is defined by Article 5 of Law No 98 for 1945 regarding vagrants and suspicious characters, and who was arrested for reasons pertaining to public security is to be placed under police surveillance for 2 years. Surveillance of that person is to begin on the day this law goes into effect or when detention of that person comes to an end, as the case may be.

In explaining the reasons for its decision the court stated that this article had criminalized a new case subsequent to the first case for which a suspect had been tried. That case is invoked if a person is later

arrested for reasons that have to do with public security. The law then imposed on a person the basic penalty of being placed under police surveillance for 2 years. Since the last paragraph of this article stipulates that the period of surveillance is to begin the date this law goes into effect or when the person's detention comes to an end, that is incontrovertible evidence that the police is the agency authorized to carry out the stipulations [of this law] and that the police does that on its own without a court order. Thus, this article is violating the stipulations of Article 66 of the Constitution which states that a penalty may not be imposed on anyone without a court order. Therefore, this article must be deemed unconstitutional.

It is known that pursuant to this ruling--and in keeping with the last paragraph of Article 49 of the Supreme Constitutional Court Act--previous convictions against those who had violated the provisions of the surveillance to which they had been subjected in accordance with this law become null and void. The chairman of the Board of Commissioners is to inform the public prosecutor of the ruling as soon as it is issued so that its requirements can be carried out and all those who had been convicted in accordance with the article which has been declared unconstitutional can be released.

The court also decided to turn down the appeal which claimed that Paragraph 2 of Article 119 of the Council of State Act was unconstitutional. That article stipulates that a decision rendered in a disciplinary suit by the state Administrative Board's Disciplinary Board is final and not subject to any form of appeal. The court also decided that Paragraph 1 of Article 83 of the Judicial Authority Act and Paragraph 1 of Article 104 of the Council of State Act were unconstitutional. The two paragraphs of these articles imply that decisions to transfer and commission officers of the court, officers of the prosecutor's office and officers of the Council of State may not be appealed exclusively to authorized departments of the court for the settlement of petitions to repeal final administrative decisions that pertain to their affairs.

One of the counselors on the State Administrative Board had filed suit in the Supreme Administrative Court asking that the decision to transfer him from his position as chairman of the Disciplinary Court in Alexandria to the State Board of Commissioners in Cairo be repealed and that the Disciplinary Board's decision to censure him be revoked. He argued that Articles 104 and 119 of the State Administrative Board Act which state that transfers, commissions or decisions rendered by the Disciplinary Board may not be appealed were unconstitutional. His argument was based on the fact that these decisions were administrative decisions and should not be protected from the court's supervision. The court decided to stay the legal proceeding so that the plaintiff could file his suit with the Supreme Constitutional Court.

The court based its decision to turn down the appeal that Article 119 was unconstitutional on the fact that the Disciplinary Board for members of the Council of State consists of a chairman and six of his deputies

who are chosen according to their seniority. The Council settles a dispute in a disciplinary case after the member of the Council of State is notified of the suit against him and the evidence that supports it. He is asked to present himself to the Council, and his testimony is heard and investigated. Then the matter is settled when a decision is issued along with the reasons for that decision. The reasons for that decision are read when the decision is rendered. These are judicial measures that realize for a member of the Council of State who comes before the Disciplinary Board all the means of defense and the guarantees of adjudication. Accordingly, decisions rendered by the Council in disciplinary cases are judicial decisions and not administrative decisions. Accordingly, a legislator may make adjudication required for the public interest in these cases on one level, especially since these decisions are rendered by seven members of the Council who have the most seniority, and this does not violate the constitution.

Regarding the appeal that Paragraph 1 of Article 104 of the Council of State Act was unconstitutional, the Supreme Constitutional Court thought that the provision of that paragraph was similar to the stipulation of Paragraph 1 of Article 83 of the Judiciary Authority Act. These two paragraphs in the two articles entrusted the disputes of officers of the court and officers of the prosecutor's office to the civil and commercial departments of the Court of Appeals and one of the departments of the Council of State for officers of the Council of State, exclusively with the task of settling petitions to revoke final administrative decisions regarding any of their affairs, except those that have to do with transfers or commissions. [Such cases can be considered] if a petition is based on a flaw in form, a violation of laws and provisions, an error in applying or interpreting the laws or misuse of authority. Therefore, the Supreme Constitutional Court invoked the right established for it by Article 27 of its law to oppose Article 83 of the Judiciary Authority Act. This is the first time for the court to tackle a text other than the one that was being appealed to it.

The court ruled that the implication by these two articles that decisions to transfer and commission officers may not be appealed was unconstitutional.

The court ruled that the implication by these two articles that decisions to transfer and commission officers may not be appealed was unconstitutional. The ruling was based on the fact that it is a legislator's established right to entrust settlement of some of these administrative disputes--which are originally within the jurisdiction of the Council of State--to other judicial organizations or agencies. This right is in keeping with the mandate determined for legislators in Article 167 of the constitution. It was thought that legislation could take away from the administrative court the legal power to settle petitions from officers of the court, officers of the prosecutor's office and officers of the Council of State to repeal the administrative decisions that pertain to any of their affairs, thereby keeping the administrative court from considering all these disputes. It was thought that legislation could

assign the legal power to settle the disputes of officers of the court and officers of the prosecutor's office to the civil and commercial departments of the Court of Appeals, and that departments of the Supreme Administrative Court could settle the disputes of officers of the Council of State, exclusively, considering that these two courts are the highest courts in the ordinary and administrative court system. These departments have thus become the only authorized natural body for settling administrative disputes pertaining to the members of these two judiciary agencies. By excluding final administrative decisions that have to do with transfers or commissions from the jurisdiction of these departments, a legislator would have thereby protected these decisions from court supervision and prevented officers of the court, officers in the prosecutor's office and officers of the Council of State from turning to their normal judge in this regard. The legislator would thereby be in violation of the stipulations of Article 68 of the Constitution which states that every citizen has a right to turn to his normal judge. This article forbids laws from stipulating that any administrative action or decision be protected from the court's supervision. Therefore, the implications of these two articles that decisions to transfer and commission officers may not be appealed has to be deemed unconstitutional.

Court Decisions Grant Reprieve

Cairo AL-AKHBAR in Arabic 25 May 82 p 7

[Article by Nadiyah al-'Asqalani]

[Text] AL-AKHBAR interviewed Judge Mamduh 'Atiyyah, presiding judge on the Supreme Constitutional Court. Judge 'Atiyyah explained the direct effects of the significant decisions that were issued by the Supreme Constitutional Court at its recent session.

Judge 'Atiyyah said, "Regarding the decision rendered that Article 83 of the Judiciary Authority Act and Article 104 of the State Administrative Board Act implying that decisions to transfer and commission officers of the court, officers of the prosecutor's office and officers of the State Administrative Board may not be appealed were unconstitutional: it is known that the Ministry of Justice prepares personnel actions in the judiciary and that the State Administrative Board prepares personnel actions in the judiciary. Each agency presents what it has prepared to its own five-member committee. After that committee approves [the plan] that is presented to it, personnel action in the judiciary is presented to the Supreme Council of Judiciary Authorities. That action includes appointments, promotions, commissions and transfers."

Appealing Transfer and Commission Decisions

The question was raised by a counselor on the State Administrative Board who had been transferred. He was presiding judge on the Disciplinary Board in Alexandria, and a decision was made to transfer him to Cairo.

He took his case to the Supreme Administrative Court and asked that the decision to transfer him be revoked. The court stayed the legal proceedings and asked him to file his suit in the Supreme Constitutional Court.

The decision was issued that Article 104 of the State Administrative Board Act and Article 83 of the Judiciary Authority Act were unconstitutional. These two articles implied what has been laid down pertaining to appealing decisions to appoint and promote officers of the court. Judge Mamduh 'Atiyyah's explanation of the text of Article 83 of the Judiciary Authority Act included [the following]:

Civil and commercial departments of the Court of Appeals have exclusive jurisdiction over suits filed by officers of the court and officers in the public prosecutor's office to repeal the final administrative decisions that have to do with any of their affairs with the exception of transfers and commissions provided that such petitions are based on a flaw in form, a violation of the laws and provisions, an error in applying the law or misuse of authority.

The decision was rendered to consider the statutory stipulation regarding transfers and commissions unconstitutional. The direct effect of that is that this decision gives officers of the court the right to appeal decisions to transfer or commission them provided there is a flaw in form, a violation of the laws and provisions or misuse of authority. After being denied such appeals, officers of the court can now appeal the decisions to commission and transfer them to the department in the Court of Appeals that deals with the affairs of officers of the court.

Measures for People under Suspicion

The decision regarding the fact that suspicious characters were to be placed under police surveillance without a court order is unconstitutional has immediate consequences.

Mamduh 'Atiyyah, the presiding judge on the Constitutional Court announced that he sent a copy of that decision to the public prosecutor so that [the latter] would issue his instructions that law suits were not to be filed in court on the basis of this article which has been deemed unconstitutional. Sentences that have actually been carried out against those who violated [the terms of] the surveillance that had been imposed on them according to the article which has been deemed unconstitutional are to be revoked, and those convicted are to be released immediately.

This case was filed by a citizen from Kafr al-Shaykh who had been placed under surveillance after he had been arrested. He violated [the terms of his] surveillance, and he was taken to court by the public prosecutor and [subsequently] sentenced to 1 year in prison. The citizen appealed the verdict to the Court of Appeals for Misdemeanors, and that court declared that Article 1 of Law No 74 for 1970, which placed any suspicious person under surveillance for 2 years, was unconstitutional.

An Administrative Decision

The third case which the Constitutional Court ruled on had to do with a counselor who was turned over to the Disciplinary Board and censured. The counselor appealed that decision to the Supreme Administrative Court stating, "This is an administrative decision and not a verdict." He argued that Article 119 of the State Administrative Board Act, which stipulates that the rulings of the Disciplinary Board were final and not to be appealed, was unconstitutional.

The court turned down this case because the Disciplinary Board consists of seven members of the Administrative Board with the most seniority. The court ruled that adjudication among people on the same level did not violate the constitution.

8592

CSO: 4504/329

PANEL REVIEWS PROBLEM OF FINDING COMPETENT PUBLIC SECTOR MANAGEMENT

Cairo AL-'AMAL in Arabic No 229, Jun 82 pp 16-18, 30

[Article by Victor Salamah: "Public Sector Management: Where Is It Going?"]

[Text] There has been much talk about the public sector, in addition to the opinions that have been presented on it and the recommendations that have issued forth on its behalf.

Suffice it for us to point out that over the past 10 years conference halls have witnessed important discussions on the public sector and ways of developing it.

When the mails brought an Egyptian Society of Financial Management invitation to attend a symposium on the problems of management in the public sector, I was not really enthusiastic about following up on it. When I spoke to the editor in chief about my true feelings and my attitude of boredom about the voluminous writing on the problems of the public sector, since we had presented hundreds of solutions on the magazine's pages that could have been applied but did not find a way into practical reality, he told me most truthfully, "We have stood by the public sector in the darkest of circumstances and the most difficult conditions. We have reproduced its problems and sufferings on the pages of AL-'AMAL at a time when people with important opinions and things to say were casting all sorts of accusations against the public sector. Today our task is more difficult and more important. We must follow up on the progress of free discussions on the country's issues which preoccupy the minds of the political, executive and legislative leaders. Public sector development is an urgent matter and it requires rapid decisions. It is true that we have offered hundreds of solutions for developing it, and it is true that it was foremost among the issues the economic conference discussed, and one of its committees is discussing it at the present time. However, there is no doubt that the discussions which will take place will offer some solutions, or at least will underline some solutions which we have previously broached that can be a guiding light for people making decisions."

At that point, the editor in chief ended this conversation with me, and I went to the place where the Egyptian Society of Financial Management symposium on the problems of public sector management was meeting.

In the course of four sessions, which took 2 whole days, discussions took place in total frankness. The first issue that drew people's attention and provoked higher management officials in the public sector was that of the pressures that they labored under "from above", pressures that were imposed upon them and that they had no power

over; pressures that were unseen but felt. There were objective pressures that subjected them to oversight agencies one place or another, sovereign pricing decisions, social glances at public sector units, and then legal pressure that management was bound to obey, out of respect for the law, lest it be subject to punishment by law.

The Forces Exerting Pressure

On the forces the public sector faced, Counsellor Mahmud Fahmi, chairman of the General Money Market Society, said,

"By virtue of their composition, public sector units suffer from restrictions related to the composition of the boards of directors and general assemblies and their effect on proper management. Management now consists of a board chairman, appointed board members and elected members. Then there is a second rank of executive management which consists of department managers and section heads. The board is accountable to the competent minister and the company's general assembly, which meets twice a year to give agreement to the estimated budget for the coming year, then the budget and the earnings figures for the previous year.

"Here we must admit that the board of directors is now, in most economic units, considered to be a board of managers, and some boards even meet only rarely in a given year. Thus all powers and areas of competence are concentrated in the person of the chairman of the board. While legal accountability to the general assembly is shared, the results of failure lie on the necks of all members of the board.

"The members of the board are aware of this fact, and the majority have preferred to be safe, especially since it has been established through practice that heads have rolled when a member of a board has disagreed with a chairman. There is an unwritten agreement between the members and chairman of the board preventing the emergence of differing opinions.

"On the other hand, there is no doubt that boards of directors in some economic units pursue their areas of specialization in full in a climate of real democracy, in the context of the public interest.

"The question here is, what is the effect of this situation on the competence of higher management, its ability to innovate and be original, its self-confidence and its decisionmaking?

"Could we say that the chairman of the board should be considered a force exerting pressure on the company management from within?

"Do the members, on the other hand, exert pressure on management?"

On this last question, he said,

"I do not believe so. The members have committed themselves to an unwritten coexistence compact." The discussion went on.

Stability Is Lacking!

Dr 'Abd-al-Fattah Shawqi moved the discussion over to the feeling that higher management had to stability. He said,

"Successive ministerial changes and consequently the constant change in certain policies have put the management of economic units in positions where they tend to be negative and unable to set out long-range or even medium-range strategies.

"Successive, continuous changes do not give ministers the chance to learn about all the activities in the sectors or to become fully acquainted with sector leaders. No sooner does an official grasp the fine points of the sector or sectors that lie under his jurisdiction than he is suddenly confronted with a change in a ministry, and so forth.

"In the past we heard about the judiciary massacre, and we also heard about the industry massacre. There are other small massacres whose notoriety does not come to the attention of many of us. Instability here is a factor that exerts pressure on the psychological and moral levels, and it is certainly reflected on administrative competence."

Mr 'Isa 'Amir, legal accountant and former chairman of the board of a company, picked up the discussion and said,

"Control and absolute centralization in the ministries supervising the public sector have made instability a natural thing in the spirits of people in management. Compositions of the boards of public sector companies emerge suddenly, in absolute secrecy, and no one knows anything about them. The people who run the country's economy read about their organizations and transfers in the papers after they are approved. More disastrous than that, these are generally not based on scientific foundations, or carefully studied ones at least. Let me point out here, from my own experience, that I was twice moved from the chairmanship of a public sector company in 5 years for purely personal reasons that bore on centers of decisionmaking. In this area, let me also mention, there was what was known at the time as the Ministry of Industry massacre, where one minister threw out close to 35 company chairmen and board members in the industrial sector by a single decree, without giving reasons.

"How can these men have stability in their positions, and how can they be given security over their futures and make long-range plans for their activities in the confidence that it is they themselves who are carrying out and monitoring these plans?"

A Tempest of Laws

Mr 'Abd-al-Tawwab Salman, chairman of the board of the Egyptian Chemical Trading Company, spoke about the legislative climate and legal restrictions, and said,

"Some managers, in spite of themselves, have fallen into the trap of [seeing] the manifestations of power and neglecting its essence; they have preoccupied themselves with bills, laws, punishments, appointments and promotions and have immersed themselves in executive powers which they ought to have left to people at lower levels, abandoning the major decisions which move the wheels of production and realize the growth goals of society through its administrative units.

"In reality, they can be excused for that. What we have noticed recently is a proliferation of laws and legislation, issued to the point where it has become difficult for specialists to keep abreast of these laws and follow up on them. For example, the recent period has witnessed a surging flood of laws dealing with the effects of a law

that was issued to realize the interests of a specific group of government employees, Law 83 for 1973. It reached the point where people were repeating the number of this law as if it was sacred. Law 135 for 1980 was issued to remedy the effects that had arisen from the application of the master law, Law 83 for 1973, and that was followed by the issuance of Law 142 for 1980 dealing with some other effects. Then Law 112 for 1981 was issued amending the provisions of Law 135 for 1980, then there was Law 113 for 1981 amending the provisions of Law 142 for 1980, then there was Law 111 for 1981 amending the provisions of Law 11 for 1975 bearing on employment reform. Books by the Central Organization and Management Agency followed in succession, with individual attempts to interpret these laws; this agency withdrew a periodic book it had issued in the past, corrected another one, then issued a third one in the form of a text of the second with corrections. It was as if the purpose was to keep the masses of workers in the government busy and divert them from performing their duty. Public sector employees live in chaos and bewilderment over their situation. Then we ask higher management in the public sector to do this work in a heavily clouded atmosphere full of rulings and requests for information!"

The Quest for New Blood

The symposium then turned to discuss an important objective fact, which is that the public sector is suffering from the phenomenon of a drain of leaders, either because they reach retirement age or there are more promising areas of activity.

The discussion began in a heated manner when Dr 'Abd-al-Fattah Sahwqi said that a Central Organization and Management study had shown that more than 80 percent of the current heads of public sector units will reach retirement age in 5 years and that more than 50 percent of them will reach retirement age in 3 years.

Dr Mustafa Kamal 'Abd-al-'Aziz, director general and consultant to the Arab Research and Administration Center, ARAC, said,

"The quest efficiently and continuously to provide administrative leaders for public sector management is considered one of the most serious national problems and it merits great attention from all organizations and agencies in the government context. Let me take the initiative of saying that it is normal and natural in all organizations in the world for a manager to leave the organization where he works because he has reached retirement age - indeed, more than that, it may be in the interests of the organization itself to put the second rank into top leadership positions, in the effort constantly to replenish leaders and consequently to increase opportunities for growth and success. If this is one of the bases of modern management, why are we afraid of it in Egypt?

"Does the source of this feeling lie in the fact that we are more 'conservative' than necessary and that we doubt that what we see in the current competent persons will be found in the following ranks, or is the source of this feeling the sense that there really is a lack of competence in people in the second ranks? Or is the source of our fear the total absence of second ranks in all or some leadership positions, which could subject the process of changing leaders to uncalculable shock?

"Assuming that the second rank is indeed not at the requisite level of competence, why is that so?

That is an important question and it requires a comprehensive, frank response. We want to see the real reasons for this phenomenon, as the sole approach for aiming at real solutions to it."

Dr Mustafa Kamal's questions stirred up intense discussion, and another question was dominant among those present:

Why don't other countries suffer from this phenomenon as Egypt does, especially since the rates of entry and departure of higher management leaders can be measured and one can then meet the deficiency in these leaders, although these rates are high in societies that are more advanced than ours?

The Flight of Leaders

In the face of this phenomenon, numerous questions were raised on possibilities for making up for this deficiency. Some answers were optimistic, while others were more pessimistic. Whatever the multifarious answers were, people reached agreement on the point that the policy of mass education which prevails now is responsible, since it has been proved that it does not highlight educated people who are prepared to develop their skills and acquire new expertise, but is still graduating groups of "clerks", white collar workers who are not even proficient at clerical work and need practice and training. Therefore, the remedy, as the people in attendance all agreed, lies in linking educational policy to training in order to meet the deficit and prepare a generation that is able to bear responsibility after a number of years of serious, well balanced training - scholarly and practical training far removed from the bureaucracy and red tape of academic lectures that add nothing to the university graduate's understanding. The problem of the attrition of leaders could have ended in light of this solution, but the discussion extended to the flight of leaders, when Prof Sayyid Jurayshah, chief of the commercial sector of the Omar Effendi Department Store Company, said: "In 6 months, 45 people holding high positions in the public sector resigned and went to work in the private sector and the investment sector. Why was that?

Mr Sayyid Jurayshah said,

"One consumer company board chairman resigned to go work as a branch manager in a soft drink company in order to get an income 10 times greater than what he was receiving in the consumer company. He left the board chairmanship to work as a branch manager in a governorate! Do you still not understand why public sector leaders are going off?

"The salary of the board chairman of the biggest public sector company got a doctorate and sacrificed the best years of his youth to acquire knowledge, then experience, until he reached the peak of the biggest company, but he did not get the salary of a secretary in an import office, a welder in a metal company or a trailer truck driver!

"The annual bonuses paid out to members of the boards of public sector companies have become a joke. The decision was made to give 12.5 days pay in annual bonuses, which is equal to 77.5 pounds, to the board members of a public sector company. Meanwhile, the annual compensation given to the directors of liberalization projects or the private sector range from 2,000 to 10,000 pounds!"

Mr 'Abd-al-Tawwab Salman, board chairman of the Egyptian Chemical Trading Company, added,

"Most unfortunately, all proposals to give free rein to compensations come up against a stone wall, which is Law 113 for 1961, which was issued more than 20 years ago, and decreed that people in higher management were not to get more than 5,000 Egyptian pounds a year in the form of salaries, compensations, allowances and so forth. This

law still waits in ambush for people in higher management and is hounding them in 1982. Maybe this law is a natural code and guiding force for existence that cannot be altered or changed no matter what the circumstances."

Recommendations and Recommendations

I apologize, dear reader, if I have not succeeded in giving you a thorough picture of the serious, frank discussions which went on for 2 days among more than 200 public sector company board chairmen, company working leaders, people with important opinions and decisionmakers. Otherwise I would need many pages in successive issues of the magazine to convey a thorough picture. However, there is no doubt that the symposium recommendations shed much light on the discussions that went on. The recommendations request that:

It is necessary to eliminate the pressures on higher management in the public sector, and stability must be guaranteed by specifying a minimum period in which managers will occupy their positions, so that they can plan and draw up policies, carry them out, follow up on them and subject them to principle of accountability, in terms of punishments and rewards.

The management of public sector units should be given the freedom to draw up pricing policies while relying on a scientific system of costs so that it will be possible to administer the setting of prices and to raise them in accordance with the circumstances of economic units and the circumstances of the market. If the government can distribute some goods to the masses at below-economic prices, the government must cover the differences between the economic and social costs.

The symposium, out of its conviction that the policy of mass education is not feasible, recommends that educational policy be reviewed and training policy be connected to it in order that the latter might meet the deficiencies arising from the low level of education and the fact that this level is not suitable for activity at the various work and production sites.

The higher management of public sector units must seek to create a second and third administrative rank so that it will be feasible to fill the void resulting from vacancies in some positions without creating shocks in these units, and it must set forth a system of incentives for people making up the second rank of leaders.

The symposium considers that the financial factor is important and that it is important to give people in higher management incentives to agree to work free from concern or worry about the material affairs of their everyday life, by removing restrictions on their incentives and eliminating laws which limit these, especially since there are external enticements and factors of attraction for higher management that have led to the migration of some leaders to work positions in the private and joint sectors domestically and to work fields abroad.

Guidelines should be set forth for bills in similar areas of the public sector so that each economic unit can prepare its own bills and wages can be linked to work and productivity.

The symposium recommends that it is necessary to gather data and information from public sector units so that an organized, collective picture can be drawn up which will

make it easy to ascertain the state and the problems of the public sector, in particular the problem of financing, which can be accurately determined only within the framework of each unit.

A Final Word

I left the symposium bearing a massive collection of recommendations. There is no doubt that if they are applied many problems in the public sector will end.

I asked myself how one could benefit from the results of this symposium, and similar symposia and conferences.

Indeed, not all the answers were [illegible]. How many recommendations were issued on and on behalf of the public sector! When will they come to be translated into practical reality?

To be fair, I should mention that the first signs of hope have started to appear with President Muhammad Husni Mubarak's statement on Workers' Day:

"The public sector is the cornerstone of the development process and the citadel of national industry. Supporting the public sector, and increasing its powers and resources, is a firm, basic policy in all economic reform. If it suffers from problems and negative aspects, the remedy for them lies in greater support, development and care, more freedom of movement, administrative reform, and the elimination of obstacles and restrictions."

11887

CSC: 4504/362

MANPOWER COMMITTEE SUBMITS REPORT ON SKILLED LABOR SHORTAGES

Cairo AL-'AMAL in Arabic No 229, Jun 82 pp 12, 13

[Article: "The Final Manpower Committee Report Contains Important Facts on the Issue of the Shortage of Skilled Labor"]

[Text] The People's Assembly Manpower Committee, after five hearing sessions and discussions on the issue of the shortage of skilled labor, in which a large number of officials and representatives of the bodies and agencies concerned with this issue took part, set forth its final report.

The report exposed many serious tendencies, phenomena and causes which have led to the aggravation of the problem of the skilled, technical and professional labor shortage that the labor market is now seriously suffering from.

Among these causes and phenomena are:

The absence of a stable economic and social planning that is expressive of long-range strategy. This has resulted in the inability to translate economic requirements into labor of various types and numerous levels; consequently, education and training agencies have been deficient in graduating the numbers of technical and skilled workers needed by the labor market in accordance with economic plan requirements, and this has resulted in the appearance of a deficit in needed professions and a surplus in others.

Existing training resources' inability to fulfil their task in the realm of the preparation of skilled labor, their failure to keep abreast of modern developments and their paucity of financial resources needed to prepare the necessary equipment for training and encouraging workers in the training staffs through incentives that will make them want to stay on their jobs and afford them scope to be promoted.

The failure to regulate the migration of labor abroad, which is constantly increasing; this has led to the emergence of a large deficit in the domestic labor market, and abnormal rise in wages and the replacement of skilled labor by low-production, low-quality labor.

Internal migration from rural to urban areas, since industries and services are situated in towns. This has led to a severe deficit in the agricultural labor needed in rural areas.

Society's view of manual labor, which has caused citizens to rush headlong into theoretical studies in educational agencies and has turned large numbers of people away from engaging in fields of specializations needed by the country in the various occupational levels.

The report, through figures, underlines the scope of the seriousness of the problem of the shortage of skilled and technical labor, pointing out that estimates of the country's total manpower requirements at different levels will come to about 22,256,000 by 2000, of whom 2,661,750 will be in industry, 9,562,000 in agriculture and 10,032,750 in services. The labor shortage problem is clear in the sector of industry, when we realize that this sector's annual requirements up to 1985 will come to 60,000, while the number of graduates of industrial secondary schools serving all sectors will not exceed 30,000, on top of about 6,000 graduates of industrial apprentice centers belonging to the Ministry of Industry.

The same is the case with respect to the building and construction sector, which has an annual need for 60,000 workers while the number of training center graduates will not exceed 10,000 a year.

The deficit in skilled labor is concentrated in the following occupations and fields:

Building and construction activity, mechanical and electrical work, operation and maintenance of precision machinery, transport and communication, land reclamation and agricultural mechanization, advanced secretarial work and household appliance maintenance.

The Manpower Committee report stresses that the solution to the problem of the technical and skilled labor shortage requires that the actual needs for this labor be spelled out in terms of type, quantity and timing, along with means for preparing it and its requirements, by adopting rapid measures which will guarantee:

Provision of existing training centers with the equipment and machinery they require and provision of the necessary training staffs, giving them encouragement bonuses and preparing training programs to meet actual requirements for skills needed for various activities and expanding programs to raise the skill levels of people working at production sites.

Limiting acceptances to general secondary while directing preparatory school graduates to industrial secondary schools, vocational training centers and technical institutes to furnish technical levels.

Getting the armed forces to take part in training technical labor in its training centers and centers which specific sectors establish inside or near camps.

Providing the financial allocations rapidly to carry out the training projects being set up, rapidly disbursing the loans and aid allocated to training, and hastening to issue the law on the national training financing fund.

11687

CSC: 4504/362

SIZE OF NATION'S WORKFORCE EXAMINED

Cairo AL-AHRAM AL-IQTISADI in Arabic No 699, 7 Jun 82 p 12

[Article: "Egyptian Workforce Contains 10.5 Million Workers"]

[Text] A study of labor conditions in Egypt which experts with the International Labor Organization have carried out in participation with the Ministry of Manpower and Training has revealed a number of new indices on the development of labor trends in the country.

The study confirms the fact that an increase has occurred in the number of employed persons in Egypt; the number of workers came to 10.5 million citizens in 1980 as compared with 6.9 million in 1960. In spite of this increase, a drop has appeared in the ratio of working people to the population; this came to 45.5 percent in 1980 as compared with 47.3 percent in 1960.

The study pointed out that the ratio of women employed is no more than 7.3 percent of the number of female citizens, an extremely low rate in comparison with other countries.

It pointed out that a drop has occurred in the number of people working in the private sector; their proportion comes to 66.4 percent of the total workforce in the country.

The study also pointed out that most people with educational credentials are concentrated in the administrative apparatus of the government, where they are not actually needed, and that 69 percent of labor lacking credentials is concentrated in the public sector.

The study stated that a decline has occurred in the ratio of agricultural workers to the total workforce, coming to 42 percent in 1976, while the number of people working in agriculture accounted for 53.4 percent of the workforce in 1960.

The drop in the number of people working in the building and construction field declined from 1.1 million in 1960 to 790,000 in 1976 in spite of the labor market's intense need for the services of this force.

At the same time, the number of people working in service areas doubled, totalling 2.6 million in 1980 as compared with 1.1 million in 1976.

11387

CSO: 4504/362

PLO ENVOY IN TEHRAN INTERVIEWED ON VARIOUS ISSUES

Tehran ETTELA'AT in Persian 18 May 82 pp 6, 7, 15

[Interview with PLO Ambassador Salah Zavavi; Tehran, place not specified]

[Text] Reference:

Thirty-four years ago this week, Zionist criminals occupied Palestine. Hence, we decided to devote this week's "interview of the week" to an interview with brother Salah Zavavi, Palestine's ambassador to the Islamic Republic of Iran, and inquire about his views concerning various problems including the uprising of the people of Palestine in the occupied areas; the Zionist attack on the Al-Aqsa mosque; the effort to return Hosni Mubarak to the Arab fold; brother Ben Yahya's martyrdom at the hands of Saddam's criminals; Iraq's imposed war against Iran and the Palestine ambassador's recent meeting with the Grand Ayatollah Montazeri.

The interview is hereby published for the readers of the ETTELA'AT's political supplement:

[Question] How do you view the Zionist withdrawal from Sinai?

[Answer] In the name of God the compassionate from whom we seek help. The withdrawal of the Zionist enemy from Sinai was in fact the replacement of one occupier with another and the deployment of the occupiers. This can be seen from the traitorous action of the destroyed Sadat, who opened a black chapter in the history of Arabs and Muslims by travelling to occupied Jerusalem. He then ignored the blood of one hundred thousand martyred Egyptians and hundreds and thousands of Arabs and Muslims, and transformed Egypt, which was the leader of the freedom movement in the Arab, Islamic and Third World, into an American-Zionist base. He placed the potentials of the Egyptian nation and history under the feet of Begin and Reagan. He rang the bells and encouraged those in the Arab and Islamic world who were undecided to join his own criminal plan. Then it was the turn of Mubarak the traitor to follow the line of Sadat the executed. This criminal put to death the martyrs for freedom such as Khaled Eslamboli and his companions in order to please international Zionism and American imperialism, and replaced anti-Zionist forces with the multi-national NATO forces. He brought the enemy stationed on the other side of the Suez Canal into the heart of Cairo, and by embracing the emissaries

sent by America and Zionism, subjugated the greatness and grandeur of Cairo, and turned champion Egypt into a pleasure ground for Zionist tourists.

Hear what Marshall Abou Ghazala the criminal and Mubarak's accomplice, who calls himself an Egyptian, has to say. He shamelessly sympathizes with American imperialism, and requests the leaders of the White House to use Egyptian soldiers in place of American soldiers in America's Rapid Deployment Forces, and says that whereas an American soldier requires an expenditure of one hundred and fifty thousand dollars annually, an Egyptian soldier requires only twelve hundred dollars.

The traitorous ruler of Egypt, speaking through Abou Ghazala, distorted the confrontation of Muslim Arabs with the presence of the Zionist enemy in Palestine that has its eye on lands from the Nile to the Euphrates, into a confrontation with the Soviet presence in the area and the Soviet danger to oil interests. He announced shamelessly that Libya's weapons which have been acquired for fighting the enemy and helping the people of Lebanon and Palestine, constitute a danger to Egypt, Malta and Crete; and he provokes the United States against the Libyan Republic. The issue is clear and solved for us: treason or revolution; there is no half-way solution. Either one has to fall into the arms of imperialism and Zionism, or one takes a stand against them, fights against them, their plots and nefarious objectives against the Islamic and Arab countries.

Mubarak addresses the West and shamelessly tells them to regard Egypt as a European country, and declares that Egypt can play the role of mediator between the Arabs and the Zionist presence better than the great powers. Now he is trying to play the role of Zionism's broker and draw the Arabs to the negotiating table and a dishonorable peace with the Zionist enemy. The problem of withdrawal from Sinai does not concern us. What does concern us is that Egypt return to the Arab and Islamic ranks together with its principles of love of freedom, Arab and Islamic values and the total acceptance of the Quran without deleting its sacred verses against Zionism. This return will take place, God willing, by tearing up the Camp David papers, the imaginary autonomy and everything connected with it; and Egypt will resume its traditional role of leadership in Arab, Islamic and humanitarian struggles. At issue is that we should regain Egypt, not lose other Arab and Islamic areas.

[Question] What is your opinion regarding the invitation extended to Mubarak's regime to return to the Arab ranks?

[Answer] There is no doubt that all the objectives laid down in the Camp David accord have not been achieved yet; hence, the parties to the Camp David agreement are trying to find ways and means of achieving the most important aims of this ominous agreement, namely, drawing a line through the Palestinian problem by destroying the military power of the Palestine Liberation Organization; crushing the movement of the people of Palestine within the occupied lands; strengthening the participants in the American-Arab agreements; ostracizing the participants in the Arab Steadfastness Front; trying to occupy Southern Lebanon; bringing about the downfall of the progressive countries of the Stability Front; and above all, destroying the Palestine,

Syrian and Lebanese agreement, thus upsetting the military balance of brother country Syria and dragging it, together with Lebanon, into negotiations for a dishonorable peace with the Zionist enemy. In order to carry out these schemes, four Zionist divisions are stationed in the south of Lebanon, and the camps of the Palestinian people, and the cities and towns of Lebanon are constantly bombed; explosions, terrorism and internal conflicts are rife in Lebanon. Air battles take place against brother Syria. To round it all off, the puppet regime of Egypt is invited to return to the Arab fold with the aim of saving that regime from the consequences of the crimes of Camp David; of dragging reluctant Arab parties into the Camp David accord; of forming an American front against the desires and aims of the people of Palestine; of diverting attention from the real dangers of the United States and Zionism to the imaginary Soviet danger.

The puppet regime of Egypt is playing this role in the Arab, Islamic and other countries of the world in accordance with the wishes of Zionism and imperialism, and not in accordance with the will of the great people of Egypt, the Arabs, the Muslims, and the freedom and progress-loving people of the world. Moreover, the regime in power in Egypt wants the Arab governments to come forward abjectly and with repentance so that it may renew its relations with them, and open their doors to its traitorous relations. Because of these reasons, we condemn and reject such a rapprochement, and warn those who wish to return Egypt together with Camp David and its consequences to the Arab ranks to take heed.

[Question] What is your view regarding the uprising in occupied Palestine and Zionism's attacks on the Al-Aqsa mosque?

[Answer] The uprising in our occupied lands is part and parcel of the history of the people of Palestine, who, for more than seventy years, have been fighting against exploitation by Zionists, the British and the Americans. All through history, the revolutions and movements of our people have continued unceasingly. With respect to their struggles, special sections have been published in the daily BULLETIN of the Palestine news service WAFA, which is published in Persian in Tehran and placed at the disposal of the mass communications media of the Islamic Republic of Iran. It is sufficient to refer in this connection to the Buraq revolution of 1929; to the spiritual revolution of the martyred Sheykh Ez-ud-din Al-Qasam in 1935, who started a revolution, with the aid of a few pious men, from the Al-Istiqlal mosque in Haifa, and was martyred with his companions in the mountains of Yabadbeh; to the revolution of 1936 during which our people went on strike all over Palestine for a period of six months. It was the longest strike in history, and if the Arab rulers had not been deceived by British promises of establishing an independent Palestinian state, the revolution would have succeeded. History is being repeated now, and imperialism is trying to deceive us by mirages of an independent Palestinian state. Our reply to them should be "never."

In these revolutions and uprisings, the cries of "God is Great" and "There is no God but the one God" were the real mottoes. Then the late Haj Amin Al-Husaini, the Mufti of Palestine, led the revolution under the flag of Islam. As I have said, our people have sacrificed their best youths in Jihad and

martyrdom on the West Bank and the Gaza Strip. More than two hundred and fifty thousand of our youth are imprisoned in the Zionist enemy's prisons and black pits; thirty thousand of our people's houses have been destroyed by the enemy, and 42 percent of the West Bank and the Gaza Strip has been confiscated. On these lands more than 130 Zionist settlements have been started; Begin the terrorist is planning to start 60 more settlements. Palestinian water and electricity networks have been stolen by the Zionists; criminal settlers ride rough-shod daily over the holiest places, namely, the Al-Aqsa mosque and Abraham's mausoleum. For the past several years they have been excavating under the Al-Aqsa mosque with the intention, God forbid, of destroying it and rebuilding Solomon's Temple on its ruins. As you have seen in the past few months, the Palestinian people have proved once more that their religion, holy places, land and honor deserve the giving of blood and of martyrdom for their salvation.

Thus, the cry of "God is Great," and the raising of the flag of Palestine all over the country; the proclamation of allegiance to the Palestine Liberation Organization as the sole legal representative of the people of Palestine; resistance against the Zionist enemy's oppression and destruction with stones, and demonstrations with the active participation of Palestinian women, men and children; clashes with the enemy; all these things prove that our people will continue their struggle until all their aims are achieved. Without doubt, in its struggles Muslim and victorious Iran under the guidance of Imam Khomeyne, leader of the revolution and founder of the Islamic Republic of Iran, will remain a living example for us to follow in our struggles to victory, God willing.

[Question] What is your opinion regarding the loss of the Algerian plane and its consequences?

[Answer] This criminal act that resulted in the death of beloved brothers in the leadership of the revolution of brother Algeria, and a number of high ranking officials of that country was an atrocity against the Islamic people. The perpetrators of this crime and their secret supporters are traitors, spies and enemies of Islam and Muslims. Martyred Ben Yahya had a brilliant record of participation in the fight for independence of Algeria, as well as in the just struggles of the people of Palestine. He played a prominent part in gaining friends in the international community for the Palestinian revolution. We do not consider it sufficient merely to condemn those responsible for this crime, but think it necessary that the results of investigations and documents relating to this atrocity should be presented to the Muslim masses all over the world in order that they may decide how to punish the assassins of these freedom-loving martyrs and unmask their true nature before the world. In fact, this crime and the subsequent aggressive acts such as explosions in front of the embassy of brother Syria and shots fired at the embassy of brother Libya are plots against the Steadfastness Front aimed at the forces of progress and stability among the Arabs, and harming the expanding relations between the Steadfastness Front and the Islamic Republic of Iran and arousing, God forbid, suspicion and distrust in Iran leading to the severing of relations. We condemn these criminal acts, and realize what their gradual and long-term objectives are; we emphasize that unmasking the identity of the perpetrators of

these crimes would help in nullifying their plots and prevent their repetition. Every honorable Arab and Muslim must condemn these crimes and make every effort to combat the Zionist plots about to take effect in Southern Lebanon and occupied Palestine which are aimed at the organic union of Palestine, Syria and Lebanon.

The expansion of relations between Arabs and Iranians would not be merely to the benefit of any specific country or regime but will prepare the ground for the achievement of the common aims of the Arabs and the Islamic Republic of Iran; and foremost among these aims is that of "Today Iran, tomorrow Palestine." Iran's yesterday is Palestine's today. Efforts to create hatred and enmity between brothers professing the same creed and fighting the same wars is the ultimate service to the schemes of Camp David, international Zionism and American imperialism.

[Question] How do you view the situation of Southern Lebanon and what plots do you think threaten it?

[Answer] Part of the plot that threatens Southern Lebanon is the general Zionist plan for the area. Four fully armed Zionist divisions are at present stationed on the Lebanese border. The forces of the traitor Maj Saad Haddad as well as the separatist forces in Eastern Beirut are standing by the side of the Zionists. Zionist planes bomb Lebanese cities and villages and Palestinian camps. The Zionist enemy's naval force has blockaded the Lebanese coast in order to prevent any arms and supplies from reaching Palestinian revolutionary forces and the joint forces of Palestine and Lebanon. The enemy intends to launch an extensive air, ground and naval invasion and occupy Lebanon up to the suburbs of Beirut, crush the military capabilities of the Palestine Liberation Organization and its allies, as well as the forces of brother Syria, and drag brother Syria into a fight that would produce the results desired by the Zionist enemy. Another objective of this major plot is to create small tribal states in Lebanon with whom the Zionists can come to terms easily, or to bring into power regimes in Lebanon and Syria which would be ready to join the Camp David accord. "Karajia," the famous Indian journalist and friend of the late Jamal Abdul Nasser, warned 25 years ago of such a plot in his book in which he quoted from the dead and buried Baghdad Pacts documents. In spite of all this, as the Holy Qoran says, "With the will of God, how many times the few have overcome the many?" We say that all the plots of the enemy cannot be carried out, and we expect that the power of the Almighty will make Southern Lebanon the avenue of salvation for Palestine and a graveyard for the aggressors. The day is not far when we shall see our brother Muslims, who are seekers of martyrdom, take their place with us in the liberation of Palestine.

[Question] What is your opinion regarding Fahd's proposal?

[Answer] This proposal has no place on the agenda of Arabs, Muslims or warrior Palestinians. No Arab, Muslim or Palestinian, especially the sons of the Palestinian revolution have no right to accept this proposal or make changes relative to even a single span of Palestinian soil. If we cannot achieve the aim of liberating all of Palestine in the lifetime of this generation of

Palestinians, there is no reason for anyone to deprive the future generations of continuing this struggle. In principle, no Muslim has the right to accept the existence of Zionism in Palestine unless he wishes to suffer a fate similar to Sadat's. The Palestine Liberation Organization placed certain conditions on the proposal in the Fass conference that nullifies it completely. Fahd is no problem. The real problem is how to place guns in the hands of all the sons of Palestine. How to arouse to action the sleeping Arabs. How to open the stockpiles of Arab weapons to revolutionaries, and how to awaken the sleeping world of Islam to form a front out of the scattered Islamic forces, and induce it to use its total might, from money and weapons to life itself in the arena of battle to free Palestine and the beloved mosque of Al-Aqsa.

[Question] How do you evaluate the relations of the Islamic of Republic of Iran with the Palestinian revolution, and what can you report to our readers about your recent meeting with the Grand Ayatollah Montazeri?

[Answer] I have always said that Palestine in Iran was greater than the Palestinians. Looking at the history of the struggle of the leaders of the Islamic revolution, foremost among them Imam Khomeyni, the leader of the revolution and founder of the Islamic Republic, we will see that he raised the flag of the liberation of Palestine and beloved Jerusalem, and of struggle against the Zionists more than 30 years ago. Also, a large number of Muslim Iranian youths were martyred during demonstrations against the Shah's puppet regime while they were raising shouts of Palestine. However, the Muslim people of Iran have given martyrs to the cause of Palestine and on Palestine's soil. It is sufficient here to refer to the historical role of our beloved brother martyr Mohammad Montazeri (Abou Ahmad), whose great desire (which, God willing, will soon be realized) was to take with himself to the arena of the liberation of Palestine all our brothers, that is, the youth of the Muslim Iranian nation. Hence, the relations of Palestine with the Iranian Islamic and Jihad-waging revolution have been excellent; and we shall wage a continuous struggle to keep these relations in the best of condition, for not only Islamic brotherhood but a revolutionary and Jihad brotherhood unites us. It would be sufficient for us to see millions throughout the Islamic Republic of Iran rise with anger against the aggression on the Al-Aqsa mosque and change the slogan of "Today Iran, tomorrow Palestine" into the new slogan of "Yesterday Iran, today Palestine."

Those who are faithful to their religion and to their country of Palestine cannot possibly stand against the feelings of these millions of people, but would have to stand with these Muslim, pious and sincere masses to translate these slogans into action. Such a day, God willing, is not far, and we hope that the Imam's heart will be gladdened by seeing a free and independent Palestine and the Al-Aqsa mosque in the hands of its true owners and servants, namely, the Palestinians and the Muslim people, just as his heart was gladdened when his venerable eyes witnessed the establishment of the Islamic Republic of Iran which is a source of pride and joy to all friends and brothers.

In regard to the recent meeting with the Grand Ayatollah Montazeri, I would like to say that, as always, we try to keep our responsible friends in the Islamic Republic of Iran informed of the state of our struggle and the plots against it, because our brothers in Iran, proceeding on the great slogan of the Islamic Republic of Iran, "Yesterday Iran, today Palestine," are interested in our struggles for freedom. The good Ayatollah Montazeri has accustomed us to receive from his close attention to what we have to say, and to hear his valuable advice. I take this opportunity to conveying through you to the pious and sincere theologian, Grand Ayatollah Montazeri, our best regards and appreciation.

[Question] What is your view about the war imposed on Iran and its changes?

[Answer] After the victory of the Islamic revolution, brother Yasser Arafat said that the front of the Palestinian revolution just expanded from Thur to Khorasan, but Begin stated that a "dark period" had started for Israel. Hence we in the Palestine Liberation Organization took a stand against the continuation of the war because we believe that we are the greatest losers in this war which deprives us of our brothers who are preparing themselves for the liberation day of Jerusalem. We see that the potentials and energy of two European countries with the Zionist enemy [sic] are being wasted and eroded, and no one except our enemies benefit from it. Thus when the Palestine Liberation Organization tried to play a part in ending the war, it was with the aim of returning the wasted waters of the stream to their true objective. All know now the true identity of those who set the fire of this war, and are now trying to prolong and extend it in order to achieve fully the aims of destroying the military and economic power of two brother countries, and of depriving our struggling people of the forces we need desperately.

In view of the conspiracy in the area and activity aimed at establishing bases; contracting agreements; bringing cruisers under the pretext of protecting the area and the oil sources from the Soviet danger; the effort to distort Egypt's historical role and assigning it the role of alignment in order to carry out this conspiracy the aim of which is, among other things, to carry out Zionist designs in Palestine and Lebanon, and destroy the Palestinian revolution because of the absence of the major armed force supporting the Palestinian revolution, namely, the Islamic Republic of Iran and Iraq. It is with attention to all these things that we still believe in ending the war and restoring the forces involved in it to the Palestine arena in order that the conspiracy against your Islamic regime and against the attraction of your revolution towards Palestine should be nullified. The aim of the conspiracy is to take from you every kind of power with which you can participate in the liberation of Palestine.

I pray to God that the war will end, and we will see beside us on the field of battle the millions of Muslim Iranians and the masses of our brother Iraq. "This is not beyond God's power."

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CSO: 4640/325

IRP ORGAN DEMANDS SADDAM'S OVERTHROW TO 'ERADICATE U.S. DOMINANCE'

Tehran JOMHURI-YE ESLAMI in Persian 29 May 82 pp 1, 11

[Text] In the name of God, the Merciful, the Compassionate

The smell of gunpowder still hangs over Khorramshahr. There has not yet been a good opportunity to transfer the thousands of prisoners behind the lines. The ruler of Baghdad still waits in confusion for the heavy and shattering blow of the Islamic revolution. Saddam has not had time to come to his senses and verbally express for the world the taste of his disgraceful defeat in Khorramshahr. Everyone is waiting to see what reaction these bloodthirsty elements will show in their first comments on this bewildering blow. The hours pass, and the ruler of Baghdad comes around a little and tries to get control over his shattered nerves. Despite all this the audacious aggressor shows once again that such heavy blows as these are not enough to discipline him and the only thing to be done with him is to overthrow him.

The question that arises now is what changes have the countries in the region such as the Baghdad regime seen lately on the scale of those in Khorramshahr? Of course this question needs more time in order to assess this heavy blow but observers indicate that Saddam and his supporters have not learned the necessary lessons.

The reactions which have been observed so far are of three distinct types:

1 - The aggressor has not yet confessed to his crimes and even claims he has chastized the Iranian revolution and consequently, pulled his forces back again to a certain extent since there was no longer a sensitive necessity to remain in Khorramshahr.

2 - The region's affiliated countries have not confessed to their obvious treason in supporting Baghdad's crimes and continue to circulate Baghdad's bellicose remarks in their propaganda.

3 - The American State Department, the foreign ministries of the common market countries of Europe and the rest of the so-called peace-loving countries whose interests have been endangered have given up praying and are crying for a cease-fire and the restoration of peace in the area!

They want a cease-fire as quickly as possible and they plainly state that if the Baghdad regime is overthrown the region's security will be endangered!

It should now be obvious that the Islamic Republic cannot sit idly by while its land is still occupied by the Baghdad regime's bloodthirsty troops and give Saddam a chance to renew his forces.

Can a regime which has shown in practice that it will show no restraint whenever it has the chance to draw the region into war continue to survive? Who is going to pay the price for Saddam's crimes? Isn't this granting of opportunities an invitation to aggression?

It is not out of order to review once again a few of the crimes of the Zionist regime ruling Baghdad:

1 - The American Saddam has kept the human resources of Iran's people occupied with a 20-month war and inflicted damage on them.

2 - He has transformed tens of thousands of square kilometers of Khuzestan's green farmland and fertile ground to useless desert whose soil he has ransacked.

3 - He has transformed the border cities and villages of Khuzestan, Ilam, and Kordestan to ruins.

4 - He has severely damaged Khorramshahr's port facilities, factories, customs facilities, and its big railroad station and the Abadan refinery.

5 - He has driven more than two million people out of their homes and dwelling places.

Is it possible to simply overlook all these crimes without trying the aggressor as a war criminal?

Can the people of Iran accept that the regime responsible for the crimes of the past 20 months should go on governing Iraq and renew its forces for bloodshed, killing and future wars? In this connection is the continuation of support by the region's reactionary rulers justifiable? The countries of the region must make their positions clear once and for all. Do they want to continue supporting the fading Saddam Takriti or has the cry of 'God is great' by the combatants of Islam brought them to their senses and made them realize they are playing with fire?

It is natural that the people of Iran cannot tolerate a war-mongering nation on their borders. Saddam's regime has shown in practice that it cannot govern Iraq as a neighboring country to the Islamic Republic of Iran.

The people of Iran cannot simply overlook all the crimes and treasons of the Saddam regime. Iranian public opinion demands the overthrow of the regime that is directly responsible for these crimes.

In what way is it acceptable that the war should lead to anything less than the overthrow of Saddam Takriti?

What guarantee is there that the Baghdad regime, having rearmed, will not attack another country and that they won't be wanting to teach Kuwait a lesson this time?

What guarantee is there that Saddam will not want to square accounts with Kuwait when he has regained his strength? The people of Kuwait have the right to ask themselves who it is that is working to preserve the Saddam regime so that when it recovers it can spill the blood of the people of Kuwait on the ground.

This is why the people of Kuwait, more than those of any other country, have taken the victory of the combatants of Islam and the destruction of Saddam's army to heart and have been so delighted with every Iranian victory. Why has it become commonplace these days to hear the sound of the Voice of the Islamic Republic in every district and quarter in Kuwait? Why do the Muslim people of Kuwait display so much sensitivity with respect to news of Iraq's 20-month war on Iran despite the violence and brutality of the Kuwaiti police?

The reason is that they are waiting for news of the overthrow of the Baghdad regime.

They have the right to know, do the superpowers want to keep Saddam until the project of bombing the Kuwait refinery is completed? In that case will the Egyptian mercenaries, Saudi Arabian petrodollars and the American AWACS based in Saudi Arabia rush to Saddam's aid? They want to know, if Saddam stays and rearms, won't he come looking for revenge against Kuwait? Won't Saddam portray Kuwait as one of the factors in his great defeat in Iran, and hasn't Kuwait left an opening for Saddam's quarrel-picking in refusing to turn over the Bu Bayan Islands?

It is true that the Kuwaiti regime, fearing the Baghdad regime's threats, has given Saddam billions of dollars in financial aid, and in reality has paid blackmail to it, but history has shown that regimes like the government of the Takritis in Baghdad have never shown any mercy even to their friends.

You must now ask, can the people of Kuwait hold their own in the event of an Iraqi invasion of this country, and, like the martyr-spawning people of Iran, rise up in support of their army and stand to meet these criminals? Naturally Kuwait, with its small population, and its limited military and human circumstances, cannot face the bloodthirsty Baghdad regime alone. Although in such a circumstance Islamic Iran would never abandon the Muslim people of Kuwait and would rush to their aid, is it logical that we should give a voracious bloodsucker on the verge of death the opportunity to rearm and then rise up to fight him in another place? Obviously, the answer to this question is negative from every point of view. On this account there is only one way to restore peace and tranquility to the region, and that is by overthrowing Saddam.

This is the thunderous cry of millions of human beings who are ready at any moment should the need arise to close more tightly the solid ranks of combatants and deny this bloodthirsty regime any sort of rearmament and to overthrow it using every possible means and taking every necessary step so that the nations of the region can contemplate their Islamic future in complete tranquility. It is the clear right of the Muslim people of the region to live in peace and tranquility and to determine their own fate with their own capable hands. This is a right of which the Muslim people of Iraq cannot be deprived.

Yet the brilliant victories of the Islamic Republic must not be confined to the overthrow of Saddam and his Ba'th regime, they must be in anticipation of the uprooting of world-devouring American criminal dominance, the source of corruption of the century, in the region.

9310

CSO: 4640/336

PLANS FOR REDRAWING ADMINISTRATIVE DISTRICTS DISCUSSED

Tehran KEYHAN in Persian 16 May 82 p 5

[Interview with Minister of Interior Nateq-Nuri]

[Excerpt] A few days ago governors-general of the country met in Tehran to study a new administrative redistricting project for the country. The project which includes a framework and general details calls for basic changes in the administrative division of the country and, if finally approved, would bring about increased and decreased number of administrative units. According to responsible Interior Ministry officials, the main thrust of the new project is to eliminate defects and inadequacies of past divisions. While the new project envisions an increased number of Provincial (Ostan) divisions, it also adds to the administrative divisional functions of a Velayat and a new position of Vali with new authority. The project is expected to be sent to the government for approval in the first week of June.

Redistricting is the mold for the political and administrative management of the country. A proper division based on justice and correct inter-relationships can have the most positive effect on the social system and communication between the people and their leaders. While it facilitates the management of the country, a proper division of the country prevents centralization of administrative and executive affairs. The system spells out the responsibilities of various organs and institutions located in each unit of the division while allowing residents of each region to set up the shortest and most suitable lines of communication with executive institutions for their needs. According to experts and redistricting officials of the Ministry of Interior, past divisions were based on private and/or group interests of individuals. Feudalism and overmanship had allowed every khan or tribal chief to set up his own bailwick, to create disharmony by failing to consider the need for coordination and inter-relationship between regions and division lines. Each khan would, according to his own economic interests, take under his wing villages and hamlets which sometimes were distanced far apart and, because of his influence with government offices, would cause changes in the administrative system of the area under his control and without consideration for directives designate his own particular place of residence as the administrative center of a village or district.

Political, social, educational and military needs are important factors in the administrative division of the country. A regard for these factors as well as to justice and the rights of the people of each region makes administrative affairs easier and move it faster. These issues received little consideration in the past while the people had no voice in decision-making and the conduct of affairs. Difficulties and complications stemming from wrong past divisions still haunt many people, especially residents of districts and villages.

For example, some districts and villages function under one district or town in census and identification registration matters while being subordinate to another district or area in matters concerning their military conscription. There are villages and districts which are either very close or very far from a major town or city but are under the jurisdiction of other distant areas. Such anomalies have caused distress, waste of energy and violation of the rights of the people of such regions.

The new redistricting project prepared by the Ministry of Interior would effect considerable changes. Responsible officials of the ministry say the goal is to eliminate oppression and injustice of the past while helping the deprived people. The project, which is to be sent to the Council of Ministers for approval after receiving various opinions and preparing for necessary coordination, calls for an increased number of provinces. In turn, several provinces would come under an administrative center of a 'Velayat' and the supervision of a 'Vali' in order to facilitate communication between a province and the national capital through the Vali. Under the new project, divisional units would be determined on the basis of size. The plan is to be submitted to the government on 5 June.

Past and Present Divisions

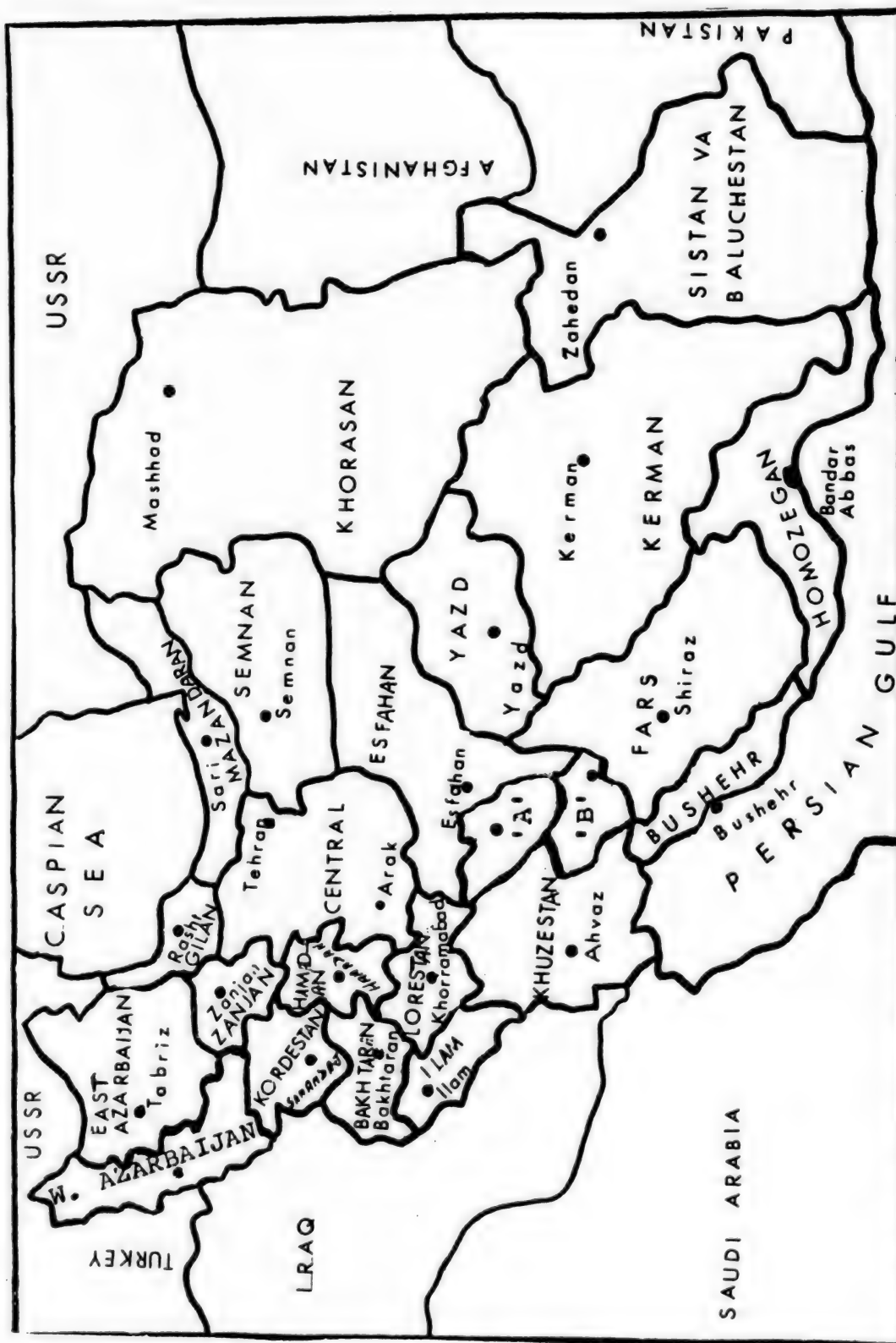
Hojjat ol-Eslam 'Ali Akbar Nateq-Nuri, the Minister of Interior, had this to say on the matter: Many oppressions and injustices caused by previous redistricting must be eliminated. For example, a town which could not measure up even as a district was designated a major city while a city of 100,000 inhabitants which should have been recognized as a first-line city was designated a district. Of course, the previous division of the country, with its flaws and injustices, had positive angles. But as they say in Arabic, they did the right thing merely to reach their own wrong goals.

He referred to details which must receive attention when the project comes under study by saying: Political considerations and reactions received about the plan should be carefully studied. At the same time important consideration must also be given to the economic situation of each region. Sometimes a map shows a locality to be near a city but actually a mountain is situated between two and creates communication problems. Such matters must be considered. The government would try to pay less attention to large cities and more to productive rural sectors, in order to strengthen the people of these areas. This would mean creating facilities and opportunities for them.

The deputy supervisor of the Planning Division of the Interior Ministry, referring to the seminar of the governors-general to study the redistricting

project and the need for preparing an administrative division plan, says:
A few days ago the governors-general met at the Interior Ministry's Redistricting Division. After discussion of general details, a public session of the seminar established three committees to study and discuss the goals of redistricting, the system to be followed and a description of the duties of each Vali and Bakhshdar.

At the end of the seminar we met with the Prime Minister who confirmed general aspects of the project and stressed the need for government ministries to adjust their organization to the new project, the preparation of necessary articles of association and the description of responsibilities of each ministry. The Prime Minister said ministries and institutions of the Islamic Revolution must coordinate their plans with the approved administrative division plans when approved.



'The new project would put several Ostan's under an Eyalat in order that more prerogatives and opportunities may be developed on local levels.'

'A': CHAHAR MAHALL VA BAKHTIARI, capital Shahr Kord

'B': KOHKILUYEH VA BOYER AHMAD, capital Yasuj

BRIDGE CLOSURE CONSIDERED AS WAY TO CUT WEST BANK-PLO TIES

Tel Aviv MA'ARIV in Hebrew 14 May 82 p 18

[Article by Shmu'el Segev: "Proposals Before the Administration: To Close the Jordanian Bridges"]

[Text] Documents that have fallen into Israel's hands reveal that the West Bank mayors asked PLO permission 2 years ago to participate in the autonomy talks, but 'Arafat replied, "No." The mounting tension and continuing violence in Judea, Samaria and the Gaza Strip have given new impetus recently to an idea that, were it to be implemented, would overturn the liberal policy that Israel has conducted in the occupied territories since the Six-Day War: to close the Jordan bridges with the double purpose of cutting the West Bank off from Beirut (read PLO) and forcing closer economic ties with Israel.

This idea, which has not yet been firmed up or brought forward for discussion in an agreed upon national framework, was discussed "privately" among several officers of the civilian and military administration and various elements that are active there. The claim was made that the "village federations" that were established under Prof Menachem Milson's initiative were not striking roots and expanding their influence because all of the public media (especially the daily papers) and the majority of mayors are subject to PLO influence--by means of the open bridges as well as through other channels--and receive instructions directly from Beirut. Therefore--so it is claimed--the Jordan bridges were to be closed, the connections between the Palestinian leadership in the territories and the PLO in Beirut would be limited and the local populace would be "persuaded" that there is no other way but to cooperate with Israel....

Malicious Documents

The idea of severing the tie between Judea and Samaria and Beirut first came up after documents fell into Israel's hands testifying to regular consultations between the mayors in the territories and the PLO chiefs. Among other things, letters were revealed testifying to the fact that as early as 2 years ago and more the mayors sought permission from the PLO chiefs to participate in the autonomy talks, but Beirut objected and the idea was stillborn.

In their contacts with the PLO chiefs 2 years ago, the mayors claimed that land expropriations and the settlement movement were continuing and as long as autonomy institutions were not set up, Israel could continue to act as if the Camp David agreements did not exist. In parallel with the qualitative changes in the territory, the mayors claimed, pressure was increasing on the local leadership, the academic institutions and the daily newspapers to suppress freedom of expression and freedom of political organization. The removal of the four mayors [Shechem, Rammallah, Al Bira and Anbata] during the last few weeks appears to them to be part of a Begin-Sharon plot to thwart all hope of the flowering of local leadership and thus to foil any Palestinian participation in the autonomy talks.

The PLO chiefs in Beirut firmly rejected these proposals. Yasir 'Arafat himself claimed that participation by the majors in the autonomy talks would mean reconciliation to the Camp David process, which ignores the existence of a Palestinian diaspora outside the territories. In other words, 'Arafat was afraid that this contradiction between the local Palestinian interest in the territories and the overall Palestinian interest would lead to an increasing West Bank dependence on the Israeli rear and would thus nullify the "accomplishments" of the Palestinian revolution in the 17 years of its existence.

Sharon Breathed Hope

These contacts between Judea and Samaria and Beirut took place during Ezer Weizmann's tenure as defense minister and testified to the great pragmatism of the local leadership. Ezer Weizmann's insistence on the peace process and the impressive empathy that he elicited in Egypt, especially from President al-Sadat and his ministers, breathed hope in the territories that his influence might bring about movement on the Palestinian issue. Since Ariel Sharon was appointed defense minister in Begin's second government, all these hopes have waned.

Actually, when he assumed the defense post, Ariel Sharon created the immediate impression that he was trying to bring the Palestinians into the autonomy talks--which was the main reason for the appointment of Prof Menachem Milson as head of the civilian administration last December. In talks that local leaders and in directives to the officers of the military regime, Sharon promised freedom of movement and expression, ordered that the sympathies of the local population not be offended, cancelled collective punishment and claimed that he wanted to create an air of peace that would facilitate the autonomy talks.

Not much time passed and all those promises evaporated.

Since the civilian government was established last December, the Government of Israel has spoken to the Palestinians in two voices: Prof Milson spoke softly and with his pleasant manner and cultured speech created the impression that the government was about to achieve a "breakthrough" on the Palestinian issue and was only looking for acceptable people to talk with. But behind the facade of the "civilian administration," Sharon's bulldozers were active--and accelerated the attempts to take over land for settlement purposes.

By the public declarations of the prime minister and the defense minister, the Palestinians were to understand that if in fact autonomy were to be established in Judea and Samaria, it would be as formulated by Begin, who had already rejected Camp David. Thus, there was also no intention of granting the Palestinians "full autonomy" and everything possible would be done to remove Jordan from the peace process to pave the way for the future annexation of the territories.

And indeed, within a short time, the atmosphere in Judea and Samaria changed completely--tires burned on the crossroads, stones flew in every direction, bottles were hurled at IDF and police patrols, the university gates were closed, mayors were removed from their positions, and when the center of gravity of the Palestinian rebellion shifted to the high schools, they were turned into a battlefield. Every day many students were wounded by gunfire and there were those who were killed.

Since the establishment of the civilian administration there have been three waves of tension and violence in Judea and Samaria. The number of injured in them has exceeded the total of injured in 15 years of the military administration on the West Bank.

Of course, this has removed all prospect of talks between the Government of Israel and the local leadership in the territories. Even the effort to expand the village leagues" has come to a standstill, and of the five that exist there is only one--Mustafa Dudin--that has any influence in its area. All the others that joined the "leagues" are without influence, and the majority of them is isolated within its villages.

From conversations with various persons in the territories, one gets the impression that the Palestinian leadership is convinced that the Begin-Sharon policy is aimed at creating a situation in which no Palestinians will be found who are ready to negotiate autonomy. These people suspect that Israel is deliberately trying to create an atmosphere of tension in the territories in order to freeze the status quo while hiding behind the claim that the Palestinians do not want to participate in the autonomy talks.

But several city mayors are included to put Israel to the test, the most conspicuous among them being the mayor of Bethlehem, Ilas Furayj, and the mayor of Gaza, Rashad al-Shawwah. Although in public they are not prepared to deviate from the common line of all the mayors, in private talks they confess that given the mood among the Palestinian public, if they so much as "dared" to approve of talks with Israel they would immediately be forced to give up their positions.

But as much as the Palestinian rejection of talks with Israel seems decisive, a kind of frustration is felt among the Palestinian public and carries with it a feeling of impotence--the Iraqi Army is absorbing blows from the Iranian Army and is incapable of dedicating forces to shore up the "eastern front"; the Syrian army is "stuck" in Lebanon; Egypt not only signed a peace treaty with Israel but also does not even have a realistic military option; Jordan by itself is unable to fight Israel.

Even the terrorist organizations are incapable of causing sufficient attrition to Israel to force concessions from it on the West Bank. Since the cease-fire was achieved in July of last year, those organizations are very careful not to give the IDF a pretext for striking at their concentrations and destroying the infrastructure that they have established in recent years. Because of this, the "terrorist flame" has to a large extent gone out, and the isolated terrorist acts that are committed in the territories are unable to upset the normal way of life in Israel or to prevent the creation of new Israeli facts in the area.

Everything Can Change

The Arab population in Judea and Samaria seems pleased with President Hosni Mubarak and his refusal to come to Jerusalem for the autonomy talks. But there is also a certain disappointment at the fact that Egypt is not taking a stronger stand toward Israel, especially after it got back the Sinai and has not more to lose.

It is still early to say how things will develop in the territories in the near future. It may be that the phenomena of rebellion that we have witnessed in the last 4 months will strengthen and consolidate as a fitting background to an inter-Arab political movement and perhaps even to an integration of local fire bombings and political activity. But by the same token, it may be that the distress to which the Arabs of the territories are subject will lead finally to disillusionment--if the Arab states cannot fight Israel and if Al-Sadat proved that only politically is it possible to achieve an Israeli retreat, perhaps it would be better to join the autonomy talks to frustrate the annexation of the territories to Israel?

Those who think this way believe that Egypt and Saudi Arabia could persuade Jordan to join the negotiations and thus "torpedo" the objective that they attribute to Prime Minister Menachem Begin to freeze the Camp David process.

But these ideas are still not firm. Moods in Judea and Samaria are subject to constant fluctuation and are influenced not only by the local atmosphere and the continual friction with the Israeli authorities but also by the actions of the Arab states and their failures. Therefore, what seems today relatively stable could crumble and fall apart tomorrow.

9794

CSO: 4423/166

CENSORSHIP OF ARABIC PRESS DESCRIBED, CRITICIZED

Tel Aviv HA'ARETZ in Hebrew 16 May 82 p 9

[Article by Tzvi Bar'el: "Is It Just Stupidity?"]

[Text] "One day I met the censor going shopping with his son. I said 'hi' to him and we stopped and talked. I asked him the name of his son. 'Shahar [Dawn],' he answered. In Arabic 'shahar' is 'al-fajr,' the name of one of the East Jerusalem newspapers. That is not fair, I told him smiling, a man in your position who wants to be honest and forthright should honor all of the newspapers with the name of one of his sons." So I was told this week by the editor of the newspaper AL-SHA'B, Ali Ya'ish.

This story contains the essence of the complaint by Arab newspaper editors against the censor. The "where" approach finds its expression on two planes: discrimination from one Arab newspaper to the next, in the sense that one paper "enjoys" more material released for publication, and discrimination among the Arabic newspapers than appear in East Jerusalem and the Israeli newspapers that are subject to the same emergency regulations. Three papers are published in East Jerusalem and distributed on the West Bank: AL-QUDS, AL-FAJR and AL-SHA'B. All three were founded after the Six Day War and express various political opinions and approaches. AL-QUDS, the first paper founded at the end of the sixties, is recognized as a pro-Jordanian paper, supported, among other ways, by the Jordanian Government. AL-FAJR takes a pro-PLO line and also enjoys Communist Party support, and AL-SHA'B is considered an anti-Jordanian nationalist paper.

In a letter that the censor sent to one of the newspapers, he said: "I am asking you to submit for prior approval all material that you are going to publish in your newspaper. To remove all doubts, I stress that your obligation includes the submission for our check of, among other things, announcements, articles, write-ups, crossword puzzles, cartoons, news, commercial advertisements, obituaries, pictures and songs. I remind you that under no circumstances may you leave blank spaces or any other sign that would indicate the involvement of the censor."

In practice, things seem a bit different. Newspaper editors who are well versed in the censor's taste, pre-"censor" the paper so that the material passed on for checking does not include all the news about to be published the

next day. In many instances, especially when things are calm, the censor ignores these violations and does not react. But when they multiply, the newspapers receive letters of rebuke that threaten "if you do not pass along all the material for checking, the censor will take steps against you." In one particular instance, the censor bothered to note that "in the most recent period I have counted 200 instances in which you did not pass along to us news for checking." But no actual step was taken against the paper.

Not Security Secrets

The editors of Arab newspapers say that they live in constant fear that their papers will be closed down for censorship infractions. Every editor tells of periods when his paper was shut down for these violations. Nevertheless, they admit that generally there is "peaceful coexistence" between them and the censor. The claim that there exists discrimination between one Arabic paper and another is also not precise. "We dare more, we take more risk upon ourselves, therefore it seems that the censor is more liberal with us," one of the editors tells me.

The editors send material for the censor's check three times a day. In the morning the articles are sent, and twice at night the news is sent. "To fill 32 columns, I generally send about 60 columns; in a good case, I send out 6 pages to get back 4," one of the editorial secretaries says. In times of demonstrations or other special circumstances, the situation is more difficult. The personal relations between the editors and the censor are correct and polite. The censor begins his letters with the words "dear editor" and the editors append the military rank "colonel" in addressing him.

Despite the courtesy and politeness that all use in their daily relations, the editors have a strong complaint against the censorship policy. "The news items rejected do not contain military secrets. Everyone who listens to the radio in Arabic or reads Hebrew can get the information from the Israeli press and radio," says one of the editors (by the way, all of them, without exception, asked that I not use their names so as "not to ruin their relations with the censor"). In every editorial office there are thick files of the censored material. A quick glance at some of the examples cannot but arouse amazement and even bewilderment at the logic that guides the censorship policy.

An item about the auto accident of MK Dan Tichon on the Ramot highway was rejected. The comment by Me'ir Pa'il that "the government has lost its political balance" was erased. Items citing verbatim reports given over Kol Israel, translations of articles in HA'ARETZ or MA'ARIV were erased or partially deleted. A report on demonstrations, data about the injured, the names of detainees and even news about the release of prisoners are not allowed to be published.

In a particular item, the exact location of a military camp near Jebaliye was reported. The description of the place was okayed for publication, but the fact that the residents of the area complained about the behavior of the soldiers was rejected.

Prohibition of Obituaries

Obituaries published by the deposed mayors Ibrahim a Tawil and Karim Khalif about the death of the Druze Sultan Alatrash were rejected. In the opinion of the editor, the announcements were rejected only because of the names of the publishers. Their content did not deviate from the content of other announcements. The quotation marks around the expression "self-rule" were erased as well as the news that the municipalities refused to meet with the head of the civilian administration. Deleted from the speech of Lord Caradon were the lines that said that "it is impossible to make peace so long as one people rules another by force."

In sentences containing the pair of words [in Hebrew "the Palestinian people," or the "Palestinian state," national liberation, struggle, etc.--all are erased. Use of the Arabic word "shahid," which means a person who was killed in a holy war or in the sanctification of God's name, is forbidden. This word is generally used to describe someone killed by gunfire. According to one of the editors, the use of the word is forbidden because it arouses passions. When the censor was asked why the use of these words is permitted in the Israeli press, the censor replied: "There is a difference in mentalities. You are more hot-blooded."

Another question mark surrounds rejections of paid private advertisements. Khalil Ahmad Hasan, a resident of Ramallah, wanted to publish an announcement that he was in no way connected with the village league. His announcement was rejected. Many other announcements of identical content were disallowed. One of the standing questions of the editors is: "Is the Israeli censor also in the private service of the village league?"

These, as noted, are just a few examples from files laden with write-ups, articles, news and announcements that were rejected under the authority granted the censor by the defense provisions (emergency) of 1945.

There is no doubt that these files also contain inflammatory material. But the idea that a news item the publication of which is banned in the Arabic press will not reach the public ultimately gives rise to rumors that eventually cause more damage. The method by which we appoint ourselves custodians of Palestinian thought, determining for them what they are allowed to know, what is desirable for them to read and what the political vocabulary is that they are allowed to use, makes a mockery of the claim that there is a free press in the territories. More than that, it seems that we are only deluding ourselves if we think that by means of rejections and deletions we can prevent information or direct thought processes. In the words of an editorial headline that was rejected by the censor, "Is it just stupidity?"

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BRIEFS

PLO USE OF U.S. FUNDS--The Israeli Foreign Ministry will ask the United States to check the U.S. Treasury funds for the United Nations that ultimately reach the PLO. This follows revelations by the conservative Heritage Foundation in Washington. The Heritage Foundation report states that the PLO, by means of its observer representation at the United Nations, has apparently penetrated UNRWA, whose annual budget of \$200 million is mostly from American contributions. According to the organization, the PLO people have access to the refugee camps that also serve as training and instruction bases, which makes it possible for the PLO to use a portion of the allocations for its needs. [Text] [Tel Aviv YOMAN HASHAVU'A in Hebrew No 5, 12 May 82 p 11] 9794

ARAB LAND OWNERSHIP--Only three percent of all the territory within the area of the green line is under the private ownership of Jews. These territories are concentrated particularly in Tel Aviv, Jerusalem and its environs, in harmony with the new cities Ashdod, Ashkelon, etc., the veteran settlement that have undergone a process of urbanization such as Rishon le Zion, Kfar Saba, Hadera, and so on, as well as villages that have preserved their rural character: Gedera, Benyamina and the villages of the Galilee. These details were published in a new booklet entitled "Israeli Land" by Ephraim Arni, which the Information Center Publication Service put out recently to commemorate 100 years of settlement. The booklet also points out that the portion of non-Jewish citizens in private land ownership encompasses about seven percent of the country's territory. Most of the minority ownership is concentrated in the Upper and Lower Galilee, the hills of "Iron and the eastern fringes of the Sharon. [By Yamum ben Vered] [Text] [Tel Aviv HA'ARETZ in Hebrew 9 May 82 p 7] 9794

CSO: 4423/166

AMMAN BUDGET APPROVED; 1981, 1982 REVENUES, EXPENDITURES REVIEWED

Amman AL-RA'Y in Arabic 16 May 82 p 6

[Text] The Council of Ministers has approved the capital governorate's 39.27-million-dinar budget and its organizational chart for 1982.

Following are the details of the budget:

Revenues

Actual revenues for 1980 totaled 11.86 million dinars. Revenues for 1981 were estimated at 22 million dinars but the actual total was 16.8 million dinars. Revenues fell below the estimated figure because the capital governorate failed to obtain the necessary loans.

Revenues for 1982 were originally estimated at 35.43 million dinars, including 10 million dinars in revenues from the capital itself and 6.51 million dinars in support from the treasury. This estimate was revised to 33.42 million dinars, including 11.5 million from the capital itself and 3 million in treasury support.

Expenditures

Current expenditures:

Current expenditures for 1980 totaled 3,973,000 dinars. Current expenditures for 1981 were estimated at 4.5 million dinars, and actual spending for 1981 was 5,629,000 dinars.

Current expenditures for 1982 were estimated at 7,024,000 dinars, but this estimate was revised to 6.5 million.

Capital expenditures:

Capital expenditures for 1980 totaled 9,855,000 dinars. Capital expenditures for 1981 were estimated at 17.5 million dinars, and actual spending for 1981 was 12,282,000. Actual spending was below the estimate because the capital governorate did not implement some capital projects due to failure to obtain the necessary loans to finance them.

The deficit:

Based on actual revenues and spending, actual deficits were 1,968,000 dinars in 1980 and 1,111,000 in 1981. This brings the total actual deficit to 3,079,000 dinars. The capital governorate covered this deficit with deposits on hand.

No deficit appears in the 1982 draft budget because the governorate considered the 6.51-million-dinar difference between estimated revenues and expenditures as support from the treasury. When this support is reduced to the 3 million dinars allocated to the governorate in the budget law, a deficit of 3.51 million dinars appears in the governorate budget. After closer examination of the revenues and expenditures of the governorate, this deficit can be reduced to 1 million dinars. It was recommended that this deficit be met by improving the collection of governorate revenues and through domestic loans.

Organizational chart:

There were 963 posts in the governorate's organizational chart for 1981 compared with 943 in 1982. This change resulted from the elimination of 29 posts and the creation of 9 posts.

The status of four posts was changed and the salaries of nongraded and contract employees were increased.

Draft Urban Development Budget

Revenues:

Actual revenues for 1980 totaled 400,000 dinars. Estimated revenues for 1981 totaled 5.38 million dinars, and actual 1981 revenues totaled 2.99 million dinars.

Revenues for 1982 were estimated at 6,772,000 dinars. This estimate was revised to 4.85 million dinars.

Expenditures:

Current expenditures:

Current expenditures for 1980 totaled 25,000 dinars. Estimated current expenditures for 1981 were 130,000 dinars, and actual spending was 137,000 dinars.

Current expenditures for 1982 were estimated at 402,000 dinars. After further study, this estimate was revised to 310,000 dinars.

Capital expenditures:

Capital expenditures for 1980 amounted to 112,000 dinars. Estimated investment expenditures for 1981 totaled 5.1 million dinars, and actual spending was 2,853,000 dinars.

Investment expenditures for 1982 were estimated at 6.37 million dinars. After further study, this estimate was revised to 4.54 million dinars. The draft budget for the capital governorate for fiscal year 1982 was approved in accordance with the following:

--Estimated revenues of 23,420,000 dinars.

--Estimated expenditures of 34,420,000 dinars.

--The disbursement of 3 million dinars in support from the government of the capital governorate from funds allocated by the Ministry of Finance.

The organizational chart was approved.

The draft urban development budget was approved in accordance with the following:

--Estimated revenues of 4.85 million dinars and estimated expenditures of 4.85 million dinars.

Officials of the capital governorate were advised to act in accordance with the following:

Adhering completely to the allocations made in the budget and the allocations of the phased projects in it; not exceeding these allocations except by decision of the leadership; not inviting any bids unless the necessary funds are allocated in the budget; securing domestic and foreign loans on appropriate terms to finance expenses for projects in Category 2, which total 18.92 million dinars, with the proviso that coordination be maintained with the National Planning Council to obtain the foreign loans; adhering completely to the number of graded positions in the organizational chart and not continuing to focus so heavily on the subject of workers wages; studying the potential for amending the tariff of paving and asphaltting costs to bring them in line with higher cost of the land and buildings that benefit from them; studying the possibility of changing the provisions of Buildings and Control Regulation No 67 of 1979 for the city of Amman to allow the governorate to obtain new sources of fees, taxes and fines on violating buildings in order to utilize these revenues for funding projects of the capital governorate.

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CSO: 4404/508

DETAILS OF COOPERATION PROTOCOL WITH TURKEY REPORTED

Amman AL-DUSTUR in Arabic 3 May 82 p 8

[Text] The Council of Ministers has approved an economic and trade cooperation protocol between Jordan and Turkey.

The two sides agreed to diversify the goods exchanged between them and Turkey expressed a desire to import many Jordanian goods.

It was also decided to establish trade centers in the two countries. The two sides agreed to notify agencies and organizations in the two countries to prepare for a meeting during 1982 to discuss the arrangements the two sides must take to establish such centers in accordance with the regulations in effect in each country. The two countries also agreed to exchange trade delegations. In this connection, the Turkish delegation issued an invitation to the Federation of Jordanian Chambers of Commerce and the Amman Chamber of Industry to visit Turkey during 1982 to discuss ways and means of developing trade relations between the two countries with the federation of Turkish chambers.

The Turkish side will purchase the remaining quantities of raw phosphates specified for 1982 as set forth in the protocol signed between the two countries in 1980.

In addition, the Turkish side will purchase 600,000 tons of raw phosphates each year during 1983 and 1984.

The [Turkish] Government pledges to supply the Jordanian Government with a minimum of 75,000 tons of wheat and 50,000 tons of barley in 1982 at world prices and according to specifications and delivery schedules to be agreed on by the responsible authorities in the two countries. The Turkish side will facilitate and encourage efforts to supply Jordan with the chickpeas, red lentils, live cattle and meat that it needs with the provision that negotiations and agreement on specifications, prices and delivery schedules will be carried out hereafter by the responsible authorities of both countries. The Turkish side will issue an invitation to the Jordanian delegation representing the military and civilian consumer organizations in Jordan to visit Turkey in the near future to study and discuss the needs of these organizations for Turkish goods. The Turkish side stated that it would be delighted to have Jordan participate in the Izmir international trade fair. In this connection,

Turkey will allocate a quota for 1982 in accordance with the rules of the fair. The Jordanian side agreed to do everything possible to facilitate Turkey's use of refrigerated storage facilities in Jordan.

In the field of financial cooperation, the two sides agreed that the payment agreement and its amending agreement as concluded between the central banks of the countries have become a limiting factor in the volume of trade between the two countries. Therefore, they agreed to return to the system of convertible currency as a basis for the settlement of their commercial exchange payments starting from 1 May 1982. To achieve this, authorized representatives of the two countries' central banks will meet during April 1982 with the aim of studying the technical details and the conditions under which the validity of the current payment agreement will be terminated.

In the field of economic and industrial cooperation, it was decided to encourage and offer incentives to the private sector in both countries to carry out joint projects, especially with regard to cattle raising. In this area, the Jordanian side presented the Turkish side with a list of industrial projects that are recommended for implementation in the 5-year Jordanian development plan for 1981-1985. The two sides expressed their desire to develop and expand cooperation in the following fields: installations, agricultural industries and irrigation.

The two sides approved the signing of a working agreement between the two countries as soon as possible. A proposed plan in this regard was presented to the Turkish side for study. The two sides expressed their willingness to establish a direct air route between Turkey and Jordan and expand cooperation in other fields such as overland and marine transport. They agreed to hold a meeting between concerned authorities in both countries as soon as possible to determine ways and means for such cooperation. The two sides agreed that they strongly desire to promote and expand cooperation in the scientific and technical fields to achieve the following:

The exchange of information and visits of specialists between the National Planning Council and the Royal Scientific Society in Jordan and the State Planning Organization in Turkey; the exchange of specialists and training in the fields of phosphate mines and chemical fertilizers; and participation in specialized courses and other meetings to study development achievements in both Turkey and Jordan, including uses of solar energy, ready-mix plants (cement and other materials), industrial chemical applications and industrial and developmental research in similar and related industries.

The two sides agreed to hold the upcoming third meeting of the joint committee during the second quarter of 1983 in Ankara.

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PHOSPHATE PRODUCTION--The board of directors of the Jordanian Phosphate Company has approved an expansion in phosphate production during the 5-year plan by which the company's production from its current mines will be increased to 6.5 million tons by the end of 1985. The plan calls for replacement of the obsolete production units at the al-Rasifah mine with new units to set up a new plant located away from housing areas with a capacity of 800,000 tons annually. The plan also calls for the construction of a unit to produce calcinated phosphates at an annual capacity of 200,000 tons utilizing low-grade phosphate waste produced from fragments. The plan also calls for the addition of a fourth production line to the al-Wadi al-Abyad mine with an annual capacity of one-half million tons. The productive capacity of the present units at the al-Hasa mine will be increased to a minimum of 90 percent of its design capacity. Maintenance methods and the efficiency of worker training at the mine will be updated and mining operations will be expanded through the purchase of mining equipment and the establishment of a modern shop for its maintenance. In addition, housing facilities will be expanded to carry out the first phase of housing construction at al-Hasa consisting of the construction of 500 housing units along with general services including roads, a school, a health clinic and a day-care center. [Text] [Amman AL-DUSTUR in Arabic 1 May 82 p 27 8591

CSO: 4404/508

COALITION, ISLAMIC UNION WIN STUDENT UNION ELECTION

Kuwait AL-SIYASAH in Arabic 6 May 82 p 5

[Article by Qasim 'Abd-al-Qadir: "Coalition and Islamic Union Win Elections of National Student Union of the University"]

[Text] "One of the most significant trends in this year's elections of the National Student Union of the University of Kuwait is the fact that around 600 fewer students voted this year. A total of 3,866 men and women students cast votes in all colleges of the University of Kuwait this year as opposed to 4,465 students last year. This despite the fact that the students of the College of Agriculture--which is a new college--participated in this year's election for the first time.

Numbers and Figures

"The number of College of Business students voting in last year's election was 1,065, but this figure dropped to only 813 this year! In the College of University Women in Kifan, 1,273 women cast votes last year compared with only 892 this year--a drop of 381."

These remarks were made by a student reporter who participated in this year's elections.

The reporter continued: "Moreover, this year's elections were rather quiet, relatively speaking. There were no cases of provocation, no nervousness and no rumors. The quietness of the elections was evident in the fact that the meeting of the General Assembly was delayed more than 2 hours because of the lack of a quorum. The reason for this may have been the conformity of the Coalition and Islamic Union slates and their merger into one slate, which cut down on the competition and meant that the results of the elections were known in advance. Moreover, there were no events that caused repercussions as was the case last year with the strikes aimed at eliminating the Islamic Culture curriculum. Also, the Central Democratic slate, which was competing for seats on the union's administrative board, lost its driving leaders, as was evident in the elections of the learned societies this year. In addition, the individuals on the Central Democratic ticket were basically new blood and were not well known among the students." The student reporter concluded his remarks as follows: "I believe that the Central Democratic ticket was hoping to increase the number of its supporters because it obtained 631 committed votes last year."

The Voting

The voting process began yesterday around 0900 in all colleges of the university. At first, the weather was relatively hot and later there was a strong dust storm that dispersed the students waiting to cast their votes. This could have had some effect on the drop in the number of students participating in the voting.

The voting ended at 1600 and the ballot boxes were taken to the Union club in al-Khalidiyah. As expected, the opening of the boxes and the counting of the ballots was delayed until 1900 when the representatives of the slates met to lay down certain rules for the counting of the votes.

At 2000, at which time some supporters of the Coalition slate began singing religious songs in the yard facing the Union club, the process of tallying the votes began. The first box completed was that of the College of Agriculture because it contained only a small number of ballots. The tallying process then continued for the other boxes.

The tallying process went on until late at night. There were no objections concerning the boxes as there were last year because the rules that had been agreed on before the start of the vote tallying prevented any such objections. These rules included an agreement that no small discrepancy in a box would be allowed to affect the continuation of the tallying process.

Coalition and Islamic Union

The results of the tally were that the Coalition and Islamic Union tickets won the seats of the Administrative Board of the National Student Union of Kuwait.

The following are the names of the members of the two cooperating Islamic Union and Coalition tickets:

Sami al-Khatrash, Khalid al-Jarallah, Wafa' Amin, Fawwaz al-Sa'id, Badr al-Matiri, 'Ahud al-Dahishi, Walid al-Haddad, Najm al-'Arifan, Fawzi al-Qassar, Muna al-Yaqut, Walid al-Thaqib, 'Adnan al-Lughani, Thallab al-Hajiri, 'Abd-al-Latif al-Jum'an, Tallal al-Khamis.

'Abd-al-Halim Hafiz Nominated!

One student of the College of Business, Economics and Political Science did not like any student on any of the tickets, so he wrote the following at the end of his ballot: "I nominate 'Abd-al-Halim Hafiz!"

The ballot was number 377.

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CSO: 4404/510

CONSUMER PROTECTION ORGANIZATION ESTABLISHED

Kuwait AL-TALI'AH in Arabic No 746, 2 Jun 82 pp 16-17

[Text] Economic developments in the country have recently affected the consumer through increases in the prices of certain consumer goods at a time when many other goods appear to be subject to price increases. This situation places a burden on the consumer and makes it increasingly difficult for him to confront the demands of life. In light of this situation, it has become inevitable that certain measures be taken to protect the public from manipulation of the prices, quality and availability of goods. In addition, it has become necessary to develop consumer consciousness so as to protect the citizens from the harmful effects of consumer propaganda, which has caused the citizen to become a prisoner of consumer products as a result of the constant presence and propagation of propaganda for products that have no relation to the necessities of human life.

Despite the fact that this role was and still is a responsibility of the state and its institutions, especially the Consumer Protection Administration in the Ministry of Commerce and Industry, popular action remains desirable and carries great weight and impact in the field of protecting the citizen from the onslaughts and temptations of consumer products.

Some individuals concerned about the interests of the citizen have become conscious of this problem and the founding meeting of the Consumer Protection Organization was recently held at the headquarters of the General Federation of Workers of Kuwait. The purpose of the meeting was to approve the bylaws of the organization, which were prepared following a series of meetings beginning in April 1979.

This meeting resulted in approval of the bylaws, which contain 41 articles including the conditions of membership, members' rights and duties, the membership fee--set at 6 dinars per year--and the finances of the organization, which rely primarily on members shares, contributions from citizens and assistance from the Ministry of **[Social]** Affairs. The bylaws also define the general missions of the organization and specify election by secret ballot to determine members of the board of directors, which has nine positions. The bylaws of the Consumer Protection Organization specify the goals of the organization as follows:

1. Spreading consumer consciousness among the masses and providing guidance to consumers.
2. Protecting the consumer from exploitation through all legal ways and means.
3. Working to limit the prices of goods or the margin of profit.
4. Working to protect the consumer from false advertisements and deceptive discounts.
5. Representing consumers in all fields.
6. Cooperating with the responsible agencies in the Ministry of Commerce and agencies that are active in the field of consumer protection.
7. Preparing investigations and studies of consumer products and consumers.
8. Fighting monopoly by every means.
9. Working to increase the number of products subsidized by the state and include new commodities obtainable by Food ration cards.
10. Working to require importers, agents and brokers dealing in products and machines imported from foreign states to publish announcements concerning these products in Arabic with the proviso that they not be permitted to circulate these products if they fail to publish such announcements.
11. Working to prohibit the distribution of electrical equipment unless the agent has provided all the requirements for service and maintenance of the equipment, including provision of all spare parts and technicians.
12. Protecting the consumer from spoiled, adulterated and harmful products.

Participants in the founding of the organization included Dr Badriyah al-'Awadi, attorney Sulayman al-Mutawwa', attorney Muhammad al-Yasin, Kuwait Workers Federation Secretary 'Ali al-Kandari, Labor Institute of Culture Director Hussayn al-Yuhah, 'Abid Hamdi, Layli Muhammad Ghalum, Fatimah al-Saffar, Salih al-Dirbas, 'Ali al-Mahna, Nayif 'Isam, Nasir Hamad al-Mu'jib, 'Ali al-Mahdi, 'Abd-al-Latif al-Saqr, Jum'ah Bu'arki, Ahmad Sa'id al-Asbahi, Mu'ayyid al-Rashid, Lafi Muflih al-Binyan and Nasir al-Hazza'.

The founding meeting of the organization was held Wednesday evening at the headquarters of the General Federation of Workers of Kuwait. Those in attendance discussed the bylaws of the organization, which were approved after a number of amendments were made. Then the election to determine the board of directors of the organization was held with the following results:

1. Sulayman Khalid al-Mutawwa', president.
2. 'Abd-al-Latif al-Saqar, vice president.
3. 'Ali 'Abd-al-Kahman al-Kandari, secretary.
4. 'Abid Hamdi Salim, treasurer
5. Mu'ayyid 'Abd-al-Ghaziz al-Rashid, member.
6. Dr Badriyah 'Abdallah al-'Awadi, member.
7. Muhammad al-Yasin, member.
8. Salih Jasim al-Dirbas, member.
9. Jum'ah Sa'ud Bu'arki, member.

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PROSPECTS FOR NATIONAL RECONCILIATION DISCUSSED

Paris AL-MUSTAQBAL in Arabic No 258, 30 Jan 82 pp 19-20

[Article by As'ad Haydar: "Special: Postwar Lebanon (3): Toward New Socialist Party"]

[Text] The quest for Lebanon, the nation, has led thousands of Lebanese youths to take up rifles and be lost in the ovens of war. At the beginning of the eighth year of this war, which has turned into a group of "substitute wars," most Lebanese are trying to leave the hallways of war and save their lives. Therefore, Lebanese of all classes and groups share an urgent desire to end the war, especially since it recently has started to take another face, that of "secondary civil war." No one knows why or how these "wars" begin, nor when or how they will end. They are about to turn into an operation resembling a blood clot, which can weaken and kill if it continues and becomes serious enough. Perhaps the most dangerous form of these "wars" within the Lebanese war is the "contest" in time bombs which has been under way for some time. This has made the idea of the personal safety of the average citizen beyond any consideration, including the loaf of bread for him and his family. It is intolerable for a person to live with a "time bomb" at his head, not knowing when or where it will explode.

Addressing the urgent desire on the part of the Lebanese to end the war, establish peace, and put Lebanon on the "road to unity" has become one of the vital, and not just political, priorities. However, this must not take place at any cost, no matter how urgent the matter. After years of gunfire, blood and tears, this conclusion of the war must offer a minimum form for the legitimate demands of Lebanese groups, naturally within the establishment of the form of Lebanon, the nation.

A number of factions and party and independent forces are now searching for a form for this "nation." Some of these attempts at discussion may be taking place far from the language of the rifle, but of necessity they must use the legacy of that rifle as a starting point, for the changes it has caused cannot be ignored.

A few months ago some young men who had "kept silent" on the war in Lebanon got together because an element of change had come into their minds since they

entered the war, and their political ideas crystallized in an executive framework in the state. They met to Kamal Junblat, and this strength was reflected by its position within the nationalist movement. The situation at present is not the same, for obvious and self-created reasons. The solution is to reorganize the party on the basis of new political and organizational programs.

To implement an original agreement, the group proceeded to contact a number of politicians and intellectuals with political and party experience with the aim of shaping discussions among them, but based within Lebanese society in political programs leading to the formation of a new Lebanese socialist party. The purpose of this new party would be to confront the developments of the Lebanese situation, whether they move toward a "just peace" or toward more "military clashes."

Domestic and Arab Working Papers

The group, which broke up into several discussions groups, produced a draft of a "document submitted for discussion in order to make necessary modifications and required corrections, complemented by attached sectional working papers." Before going into the details of the "document," it should be mentioned that talks are ongoing to draft "working papers" dealing with each detail individually. For example, there is a Maronite working paper, a second Sunni, a third Shi'ite, and a fourth with details of the privileged relationship with Syria. (It is not enough to say that Lebanese-Syrian relations must be privileged; the privileges must be defined precisely.) There is also a Palestinian working paper defining the framework for the Palestinian presence on Lebanese soil and their activities and boundaries. When these papers are drafted they will be submitted in turn for discussion, and the next step will be compilation of the total results achieved for the sake of "crystallizing the complete program document" which will crown this collective effort.

When the leaders of the Progressive Socialist Party are convinced (it is said that in addition to Prof Junblat, Anwar Fatayari, Hamid Dawud and others approve of the project), a general party conference will be held in the next few months to approve the organizational and ideological changes. These will include bringing several committed but independent groups and forces into the party. However, bringing them in does not mean their complete organizational and ideological integration. The goal is not to support the Progressive Socialist Party with new blood but rather to grant it a new framework to help it become a "central core" for progressive and nationalist forces and parties. This is being done in a form which goes beyond the party's current situation, after the pattern of the French Socialist Party with its four distinct and independent currents within the framework of one party.

But what about the document entitled: "Toward a New Lebanese Socialist Party"?

The document feels that what is needed now is to "reproduce the dualism which is rooted in the depths of Lebanese diversity (the dualism of al-Qaysi- the right, Bloc-Dustur, al-Nahj-Alliance)" with the aim of crystallizing "the

"independent Lebanese national identity." The dualism whose "well" was the Maronite sect does not exist now. Taking into consideration not falling into the "trap of isolation," it must be confirmed that the Phalange Party has occupied a position supported by arms. Renewing "Lebanese political dualism, which clears up the Phalange dilemma by separating Maronite centers not committed to them, can only be done by generating a democratic political movement gathered around a central core. This core must place itself in a position of responsibility for the fate of the nation as a whole with its sects and its regions, its social groups, its economy and its political system, addressing all Lebanese from this position."

Why this "centralized political movement"?

If the Lebanese situation were to move toward a "just peace," this core would be required to "play a definitive role in building the nation and bandaging the wounds of the ordeal."

If it were to evolve toward more "political and military confrontations, then it would be required to mobilize (against the Phalangists) to direct the results of this confrontation toward the project of building the nation."

Many Lebanese are no longer willing to fight, for two reasons:

1. The feeling that extremism is mutual (the Phalangists, and the mobilization of many forces on the other hand), that there are two conflicting group plans, and that one of the two is not in earnest in proposing a "peace of heroes."
2. The certainty that if the Phalangist canal flows objectively into the service of foreign interests, the other canal is not completely free from serving foreign goals. (Talking about "the other" is the loophole used by the document to avoid slipping into the alternate terms of "isolated zones and nationalist zones."

Starting from this fact and its causative factors, this current must be crystallized in an effort to develop a settlement and go beyond the negative attitudes which make the bloody fighting an irresistible "destiny" to find a point of balance and consequently to reconcile the "Lebanese" and "Arab" sides.

It is clear from all of this that what is needed is to restore "dualism" to the Lebanese structure as a way to establish the "peace of heroes" which would be able to strike a balance between the "Lebanese nature" and the "Arab nature."

However, why did the choice fall on the "Progressive Socialist Party"?

No movement can start from nothing. It must be tied, even if in monetary form, "to the political history of the country, its current forces, the experience of the bitter civil war and the facts and results it produced." The Socialist Party is the party qualified for that, but in its present situation it is

unable to bear all of its burdens. The importance of the Socialist Party is that it is the "party of Kamal Junblat," the political thinker who alone among the currents of the Lebanese left controlled the "theory for national action in Lebanon."

After the document explains some of his lines of thought, it goes on to say that the nature of "Kamal Junblat as a progressive nationalist leader with a Druze base is not just a simple detail in the Lebanese balance. (It is difficult to speak about Lebanon without mentioning this Druze mountain base.)"

The document feels that Kamal Junblat's absence has dealt a cruel blow to his party and the whole Lebanese nationalist movement." Although the party has recorded noteworthy progress on the military and organizational fronts, it has recorded clear political reverses which have caused it to enter a stage of defensive reliance on the guaranteed sectarian-local base. The clear result of this reliance is the party's loss of its grip on political control over the nationalist movement.

Turning to Walid Junblat

To put back the fire which Kamal Junblat gave to the party, it is necessary to "find a new and earnest point of equilibrium between Walid Junblat and the Socialist Party " Here the document calls on Walid Junblat to "act to inspire the party."

For this appeal to become more than just a possibility or a plan, it must crystallize in a staged ideological and strategic framework.

This is what the document tries to propose briefly, leaving the details for the attached working papers.

The document says that the party which must be developed and reformed is a "socialist party." Therefore, it defines its concepts of this socialism as follows: "The final goal of the party is to achieve a socialist regime in Lebanon, interacting with the Arab surroundings to achieve the highest form of federation which would wipe out traces of internal and Arab division, refute fragmentation, enable the Arabs to grow and invest their resources in a productive and fair way, and preserve diversity.

"The party's socialism is based on the call for a productive economy in a society whose elements and classes complement one another and in which the poor and middle classes enjoy wide guarantees and the fruits of what they produce.

"This system is strengthened by the role of the public sector, especially in the field of economic activities, which is connected with the basic conditions of the life of the citizen (the state's importing of goods, distributing them through the cooperatives, etc.), without completely abolishing private ownership and individual initiative.

"The party will take a look at the agricultural problem in Lebanon to define the most prominent issues, especially since the slogans of agrarian reform are entangled with the fact that ownership is divided into small fragments in Lebanon, and that weakens productive capability and delays the use of machinery and modernization.

"The party raises the slogan of making social services universally accessible and expanding the field of social security and exemptions from fees for medical costs, treatment and education. It also calls for a more equitable tax system in which the rich pay more and the poor pay less. This requires radical reform of the existing system and an increase in the percentage of direct taxes levied on profits.

"Since we are emerging from a grim war which has afflicted the economy, the party will call for reinstatement of activities which do not place additional burdens on popular groups (questions of rent, for example), work to put the country's economy on a path to reduce its dependent link to foreign economies (the increased role of foreign banks, for example), solve postwar problems (the question of refugees), and become involved in the commitment of personnel and organizations to the private sector.

"The party will pay close attention to the problems of the various regions to bind the country to some of them and produce an objective basis to discuss national unity among all elements of the country.

"This is not a socio-economic program. There are ideas which are in line with the general direction of the party, although they require explanation and clarification. One must add to that the natural and legitimate wariness of the appearance of the bureaucracy which accompanies every experiment of this kind and turns the state into a center of corruption and exploitation, under the pretext of entrusting everything to the state, placing it in a position isolated from popular supervision as represented in the labor unions, parties and other organizations.

"The party confirms that it is a matter of the socialist family, and it is not unaware that the idea of socialism, with its communist and socialist-democratic halves, is passing through a crisis."

We must pause for a moment here to discuss the party's idea for solving the "Christian problem" (in the framework of its concept of the problem of minorities in the Arab world).

The solution lies in implementing the two conditions previously set by Kamal Junblat:

1. Democratization of the Arab majority and its people everywhere, including the Islamic bloc in Lebanon.
2. Evolution of a general Christian and Maronite movement in harmony with this development, which consequently would be able to carry out a political

undertaking, meeting with this majority, embracing its concerns, and proceeding with it on the road to freedom, democracy and universality.

On the general level, the document raises the question of whether the party should join the Socialist International (noting that the present party is an observer member), taking into consideration the party's differences in position on the necessity of allying itself with the Soviet Union, and the question of clashing with the presence of the Israeli Labor Party "in this International."

On the Arab level, "the basic hope is to restore the Arab peoples to their role and renew Arab popular action and the Lebanese nationalist movement, since it is hardening around the Socialist Party. The obvious distance from their Arab allies has played an important role in that."

Now, what kind of nation do we want?

Above all else, the document confirms that "the independent Lebanese national identity is not simply bringing certain groups together with others as a political project."

"The nation" which is desired is "a free, democratic, united socialist nation, moving in its Arab relations toward the most advanced forms of voluntary and democratic federalism." However, first and in this circumstance, there must be a proposal for a "very moderate solution," because a "military decision" is unlikely.

Everyone must be convinced that "we want a balanced solution," even if the solution means that "we abandon our strategic programs. From a position of political and military strength, we are asking the Phalangist Party to give up its strategic programs for the sake of recreating a settlement which protects Lebanon from the war now raging on its soil and from the possibility of its subsequent renewal." Through this moderation it will be "possible" to regain political initiative.

When considering the question of relations with Syria, one must take into consideration "Syria's historical role in Lebanon, which preceded the crisis. This role is nurtured not only by geopolitical factors but also by the political, economic and social links between the two sides." Thus it is necessary to arrive at a "format which anchors this privileged relationship." (A working paper to be issued later will depict this relationship with a framework which mixes relations in military fields of all types and security, foreign policy and economic relations.)

The question of relations with the Palestinian resistance remains. The document confirms that it is necessary to start by "rejecting all solutions which strike at the resistance," while the resistance must control "collective transgressions," not only individual transgressions. That is: "Reorganize the armed Palestinian resistance so that Lebanon will not continue to suffer alone from the effects of the war with Israel."

This is the total picture of the document which would create "a new Lebanese Socialist Party." This is a direct attempt to participate in shaping Lebanon: the postwar nation.

Its supporters may succeed in convincing Prof Junblat, and with him the leadership of his party, that such an organizational and political project could provide a party experiment to help Lebanon.

They may not succeed in their mission, for reasons connected not with them but with the structure of the Progressive Socialist Party. However, this remains an important ideological and political effort which, no matter to what extent it is accepted or rejected, marks an important waystation on the road to getting Lebanon out of war and starting it on the road to "heroic peace."

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OIL MINISTER INTERVIEWED ON PRICE HIKES

London AL-HAWADITH in Arabic No 1319, 12 Feb 82 pp 36-37

[Interview with Muhammad Yusuf Baydun by 'Adnan Karimah, date and place not specified]

[Text] Muhammad Yusuf Baydun, businessman, politician, deputy member of Parliament, and minister in President Shafiq al-Wazzan's government now governing Lebanon--but fate meant for him to be Minister of Industry and Petroleum. While he knew something about industry because of the battles fought between industrialists and traders (before the Lebanese war which has been going on for about 7 years), he is completely ignorant about petroleum. After assuming his post, he spent hours, days, and perhaps months studying the concerns and worries of the petroleum sector in Lebanon. Although he has acquired a great deal of knowledge in the field, he says modestly, "I am still ignorant of many things relating to oil."

AL-HAWADITH met with Minister Baydun and had the following conversation with him:

[AL-HAWADITH] When the current fuel prices were fixed, crude oil was \$22 a barrel and a 20-liter can of gasoline cost 20 liras, including a support of 6 liras borne by the state. After the price of crude oil rose to \$24, it was said the state was intending to hike the prices again. What is your view on that?

[Baydun] Actually, when we completed our studies on the costs of various petroleum products, we realized that a price of 36 liras for gasoline covers its cost. The state's policy is not to seek a profit but to recover at least the cost. The previous price was 22 liras. Since it was clear that the consumer would have difficulty in digesting at one time the difference between 22 and 36 liras, we decided to raise the price of gasoline to 30 liras and leave a second hike to 36 liras for a later date.

This was the basis of a crude oil price of \$32 a barrel. Based on 1981 refining costs, the OPEC oil ministers agreed at the end of October to fix the price at \$34 a barrel for light Arab oil, i.e., Saudi oil, and use it as the basis for pricing all the other kinds of oil--and it was made retroactive to 1 October 1981. Naturally, our calculations were different. They were the

basis on which fuel prices were fixed and applied since 19 September. They were pointing to the possibility of a deficit of almost 820 million liras. We must explain here a point relating to the deficit. The deficit would have been 600 liras had the price been 36 liras for a can of gasoline. At a price of between 30 and 36 liras for 20 liters, the difference in the deficit would have been 220 million liras.

[AL-HAWADITH] What are the elements which influence fuel prices besides the price of crude oil?

[Baydun] We prepared an equation that gives us the cost of every kind of petroleum product and whenever any element in this equation changes, the results naturally change too. It is based on three elements: (1) the price of crude oil, (2) the discount rate, and (3) the cost of refining in the refinery.

With respect to the first element, the price of crude oil, as is known, rose to \$34 a barrel on 1 October 1981. As for the discount rate, it affects the costs because of the rise in the exchange rate of the dollar relative to the Lebanese lira. As we know, it rose during the last 2 years from 330 to 475 piasters. We now come to the third element, namely, refining costs. We are concerned at present with this problem, especially in the Tripoli refinery whose 1982 budget we are analyzing in order to learn the true costs of refining. This element does not greatly affect the total fuel costs.

[AL-HAWADITH] After all this review of cost elements and their evolution, the question I raised remains: Is the state going to hike fuel prices?

[Baydun] The rise in the price of crude oil and stabilization of the discount rate since the last fuel price hike was followed by an increase in the costs. A price of 36 liras for 20 liters, which was estimated before, was no longer sufficient to cover the costs. The matter of a hike in fuel prices and the timing of it is up to the cabinet as a whole because I do not have a support policy. A support policy is a government policy and not the policy of a single minister, although he has something to say on the subject and he must place all the facts about it before the cabinet.

[AL-HAWADITH] It may be inferred from your remarks that a boost is inevitable, but the timing of it and the taking of the decision depend on the government just as it depends on a comprehensive economic policy. Some estimates signal that support for a can of gasoline, if the present price continues, will amount to 12 Lebanese liras. How then can the consumer afford this support on top of the gasoline price?

[Baydun] The fact is the prices of petroleum products in various countries of the world are steadily rising. Anyone who follows the rise in the gasoline price, particularly in Europe and elsewhere, can see that the price of this substance increases to the consumer sometimes monthly on average so that changes occur no less than 4 or 6 times a year according to changes in the exchange rate. Let us not forget that in 1981, especially in the second half of the year, the dollar strengthened relative to all other currencies. France,

Germany, Italy, and Belgium--these countries suffered a great increase in their oil bills due to differences in the exchange rate. France, for example, was paying 4.8 francs to the dollar and then reached the point where it was paying 5.7 francs. Its oil bills rose as a result, and in order to make up the difference, it was forced to raise the prices of products, especially gasoline, because gasoline is not supported in most countries because it is a consumption item with no relation to production. Support must be concurrent. I understand that fuel and mazut are supported for some sectors because they are directly linked to production costs. As for the support of gasoline, that is something in conflict with the economic equation. On the contrary, the costs of gasoline must be increasingly taxed in order to provide support for the government and, consequently, for the prices of other products. Thus, prices in our sector are always fluctuating.

When the price of crude oil was \$32 a barrel, 20 liters of gasoline cost 36 liras. After it rises to \$34, we will not be able to say that the difference between the two prices will be bearable. This is an important point that I must clarify. In the past, we used to buy crude oil for \$32 a barrel delivered at Ras Tanurah in Saudi Arabia. Add a temporary, not final, tax of about \$1.48 subject to subsequent agreement. Then come transportation and insurance from al-Zahrani to Tripoli. So the costs amount to about \$34. Hence, as far as we are concerned, crude oil delivered to the Tripoli refinery costs us \$34 a barrel. The calculations we used to fix the current fuel prices were based on a crude oil price of \$34.

[AL-HAWADITH] What is the role of Iraqi oil in the problem of costs and did it participate in lowering them?

[Baydun] After signing the agreement with Iraq, we obtained a price appropriate for Iraqi oil. It is the price prevailing at the Syro-Lebanese borders and is equal to the price in the Gulf plus the taxes paid to the Syrian government.

[AL-HAWADITH] Can we know some of the details and supporting figures?

[Baydun] The price of Iraqi oil reaching Tripoli is the price of Iraqi oil in the Gulf, namely, \$33.46 a barrel plus taxes paid to the Syrian government, which amount to about 32 (American) cents. Thus, the price of a barrel coming into Tripoli is \$33.78 or about what we used to pay the Tapline for Saudi oil. A price of between \$33.78 and \$34 and about 22 cents covers the quality of Saudi oil because its yield after refining is greater than that of Iraqi oil. We can therefore say that the price of crude oil to the Tripoli refinery has not been affected to any extent and it remains at the same level. As for Saudi oil delivered to the Zahrani refinery, the current boost is \$2 per barrel. If we divide the \$2 between the Tripoli and Zahrani refineries on the basis of the former producing two-thirds of the total output in Lebanon, we arrive at an average increase that is naturally less than \$2.

[AL-HAWADITH] After the fixed price that you received from Iraq, how much do you estimate will be the increase in support for the gasoline price, which will, in turn, exert pressure to boost the price to the consumers?

[Baydun] The truth is I can't answer this question because we haven't as yet done the calculations on the matter. I haven't had the time to concern myself with it particularly when the price which I suggested was not forthcoming when the agreement was signed, and the price was higher. Iraq subsequently lowered its price by half a dollar. So no matter what the accounting procedure may be, it will not give us firm results for the period of a year. But now, after the agreement on a price of \$33.78 delivered to Tripoli, we will be able to do our accounting for 1982 because oil prices are firm until the end of the current year.

[AL-HAWADITH] Some studies have shown that the price of imported gasoline is lower than what it costs to produce in the refineries, which makes these refineries economically unprofitable and demands that they be improved and enlarged or closed down, forcing us to rely on imports. What's your view on that?

[Baydun] Correct, imported gasoline does cost us less than gasoline produced in our refineries. The reason is the high costs in the refineries because production in the Tripoli refinery has not stabilized. The output is between 33,000 and 35,000 barrels a day compared to an average production of about 22,500 barrels during 1980 and most of 1981. This is due to technical factors and availability of crude oil as well as to security factors related to the impossibility of transporting products from the refinery to other places, Beirut in particular. When the storage tanks are being filled, the refinery has to slow production. And there is another technical reason. It became clear to me while I was trying to administer the affairs of the refineries, especially since July 1981 when I began going to the north to inspect the operation, that the refinery from the technical and administrative standpoints was not getting the necessary attention it deserved, and it almost had to close down. But we saved it by making quick arrangements and then drew up a plan for renewing, modernizing, and enlarging it. We have begun the renewal and modernization. As for expansion and even scientific modernization, American petroleum experts came to Lebanon. They went to the Tripoli refinery, assessed the situation, and praised the arrangements we made. And along with them I investigated the matter of improvement and expansion. The experts then departed for the United States. We are expecting them to return to Lebanon in mid-February with a report on some aspects of modernization and expansion. After studying the report, we will move to the second stage, i.e., the stage of carrying out the expansion. At that time we will seek Arab sources of funds to obtain the necessary loans to cover the expenses of the project.

[AL-HAWADITH] What will the expansion project include?

[Baydun] Expansion of the refinery is aimed initially at doubling its capacity. If its nominal capacity is 35,000 barrels a day, then due to extra efforts by experts in the refinery we will produce 40,000 barrels a day and double this amount by way of expansion to 70,000 to 80,000 barrels a day. At that time we will not need to import oil from abroad because importing costs at present are lower than local production costs. But as soon as we boost production, local production costs will inevitably decline.

[AL-HAWADITH] Tripoli is once again an oil-exporting port. This is important because it inspires confidence in Lebanon where ships will come to take on oil for Europe and elsewhere, despite the lack of security and turmoil!

[Baydun] [interrupting] We exported up to now on average 16 million tons a year. We instructed the installations to guarantee the export of at least 20 million tons a year. We will reach this average in the next 2 months. We can increase our export capacity if we enlarge our storage facilities by building additional tanks to hold Iraqi crude oil before loading the tankers because tankers do not take on oil directly from the pipeline. A pipeline feeds into storage tanks from which the oil flows into the vessels. The greater the storage capacity, the larger the quantity of oil that can be shipped.

[AL-HAWADITH] So the modernization plan requires the building of new storage tanks?

[Baydun] Of course we are entertaining the idea of increasing storage capacity for crude oil. This has nothing to do with the refinery but it does have to do with the pipeline because the petroleum installations in Tripoli consist of a refinery and pipeline.

[AL-HAWADITH] Regarding costs, can you estimate how much the expansion project will cost?

[Baydun] I haven't any idea so far because the prices of refinery units and accessories keep changing. Last year's prices are different from today's prices, not to mention the fact that we haven't as yet received the American experts' report which will contain the technical conception of the expansion. After we get this report, we will turn it over to a committee of experts to make a financial report on the costs and method of financing.

[AL-HAWADITH] Is it fair to conclude from this that the expansion may not be accomplished this year?

[Baydun] To begin with, the expansion does not mean that the present refinery will stay as it is. Another refinery will be built next to it. The expansion includes the existing refinery with additional equipment to improve it. During the current year it expects to obtain many things of this kind. We have already begun to purchase gear and equipment within the framework of renewal and modernization.

[AL-HAWADITH] Improvement means employing funds for the purpose of exploitation, and since Your Excellency deals mainly with business affairs in the private sector, do you think that operating the Tripoli refinery, given the present task of security, is a sound thing to do in view of the risks to which commercial investments are exposed?

[Baydun] The expansion that we are now undertaking is intended to meet local consumption needs to the year 1990. This is considered the first stage. The

second stage will extend until the year 2000. I do not think the first expansion stage will be completed before 1985.

[AL-HAWADITH] But Your Excellency said you began to buy some equipment in connection with the expansion?

[Baydun] A journal of a thousand miles begins with the first step. I am sure that the refinery, whether in the north or anywhere else, will be protected by our fellow citizens against any other power because they know that it exists to serve them and insure consumption, and any harm that may befall it they will endure as a result.

[AL-HAWADITH] There is a problem with the Tapline Company and it concerns the increase in charge (from 40 cents to \$1.48) for transporting a barrel of oil from Saudi Arabia to al-Zahrani. What is the status of negotiations to solve the problem?

[Baydun] After the pumping of Iraqi oil to the Tripoli refinery was resumed, the problem disappeared as far as this refinery was concerned. Regarding the Zahrani refinery, we were paying 40 cents a barrel. As of early 1981, the new rate of \$1.48 was applied temporarily.

[AL-HAWADITH] Has the new rate been paid?

[Baydun] We haven't paid \$1.48 but we are paying Tapline on account. We haven't described our accounts with the company. It is still sending bills on the \$1.48 basis and we are paying on account.

[AL-HAWADITH] The truth, Your Excellency, is that the company is seeking an increase in the transportation charge from 40 cents to \$1.48 a barrel because of an annual loss estimated at \$40 million due to the halting of crude oil exports from the port of al-Zahrani. So instead of dividing the total costs to the company on 450,000 barrels a day going through the Tapline line, and most of it for export, it now divides the costs on only 70,000 barrels a day, and they are required by the Zarqa' refinery in Jordan and the Zahrani refinery in Lebanon. Do you think the export of Saudi oil can be resumed from al-Zahrani after Iraqi oil is once again exported from Tripoli?

[Baydun] We asked the company to resume exporting Saudi oil from al-Zahrani. The company says the security situation does not allow ships to come and take on oil from there. You claim it is the companies which do not send their ships. This is something that depends not on us but on the buyer because he believes the security situation does not allow him to do it. We say: No... our position is that the security situation does allow exporting because ships arrive loaded with gasoline, mazut, and fuel, and they unload their cargo in al-Zahrani just as other ships carried Saudi oil from al-Zahrani to Tripoli. We therefore appeal to the company to resume exporting. It says it can't do that because of the security situation. This is one of the main points in our dispute with the Tapline Company.

[AL-HAWADITH] This means the issue of the oil transportation charge is related to the resumption of exporting?

[Baydun] Of course. Where else would the \$1.48 come from? The company produced all the documents and data supporting this figure. It took the total expenses of the pipeline and everything that it pays in the way of taxes and subsidies to Lebanon and divides them by the amount that it gets from the Zarqa' refinery in Jordan and the Zahrani refinery in Lebanon at a time when the export capacity of the pipeline reaches 450,000 barrels. In one of my visits to Saudi Arabia and during a trip around the figures, it became clear to us that if Tapline exports 300,000 barrels a day, the passage rate will drop to 70 cents.

Despite all this, the Tapline Company is not ready at present to prepare for a resumption of exports. On the contrary, it is still threatening to stop pumping in the pipeline and to liquidate its operations in the region. But if it carries out the threat, which is only a "maneuver," it will clash with Saudi officials who are determined to continue to supply Lebanon and Jordan with Saudi oil.

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RECOMMENDATIONS MADE FOR LIMITING LEBANON'S PUBLIC DEBT

Beirut AL-IQTISAD WA AL-A'MAL in Arabic No 28, May 82 pp 38-41

[Article by Dr Yusef Shibil: "Lebanon's Financial Situation: A Difficult Period"]

[Text] This study aims at an analysis of Lebanon's current general budgetary situation during the years following the 2-year war, i.e., the period 1977-1982. It intends to give a forecast of what the financial situation will be like if political and economic conditions continue as they are now.

We will first present the development of returns and the component structure of the public debt payable by the Lebanese treasury both domestically and abroad. Then we will give an appraisal of fiscal policy in the period following the 2-year war, characterized by a shortcoming in economic activity when compared with the situation as it was before 1975. Fiscal policy differs, as we know, from monetary policy in that it operates through control of the level of public spending, taxation adjustments and other aspects of the state's public budget. Monetary policy, which is basically the province of the central banks, operates through control over the size of cash reserves and credits and over the public liquidity situation. It aims in this way at influencing the level of economic activity and price and interest levels.

The Role of the Public Budget

In times of normal economic conditions and under the protection of an economic system dependent on private property as the means of production and on the price mechanism as a means of distributing resources between different economic activities, the Lebanese economy in the fifties, sixties and even up until the mid-seventies assigned to the public budget a role that centered on three main tasks:

1. A Productive role through public spending, represented by the supply of commodities and services that the private sector refrained from offering, either because there was no direct profit incentive for doing so or because these goods came under the category of "public goods" characterized by their social value, such as national defense and the supply of water, electricity, sewers and roads.
2. A distributive role through income taxes, where taxes undertake the distribution of income between citizens in a manner that increases the volume of

commercial exchange and, hence, increases the volume of effective demand and reduces social differentiations.

3. A stability role, represented by the use of the budget as a means of achieving certain economic objectives, such as the preservation of a stable level of prices, helping to achieve an annual rate of economic growth and full employment.

A review of Lebanon's economic history shows that the role of the state's public budget was marginal in terms of its distributive and stabilizing functions and somewhat important in terms of its productive function. This phenomenon is due to the regime's political philosophy, which emphasized the objective of economic growth first and last, and to the fact that in Lebanon, the productivity of the public sector immeasurably surpassed the productivity of the private sector.

Therefore, a situation in which there was an excess of resources available to the public sector might lead to a process of considerable wasteful spending, in terms of economic capabilities. From another perspective, the 2-year war revealed certain social indicators confirming that neglect of the role of the public budget in distributing wealth among citizens was resulting in social imbalances, which were to prove extremely costly.

The Development of the Public Budget and the Fate of the Lebanese Citizen

The total amount of the state's overall budget rose from 1,662,000,000 Lebanese pounds in 1977 to 7,550,000,000 in 1982, at current values. As for the size of the budget at fixed values, which is the more correct economic measure, it amounted to 3,135,000,000 Lebanese pounds this year, taking 1977 as our base year (see Table 1). There is no doubt that the real increase is insignificant, but at the same time it is also logical, in view of the fact that the public budget reflects the entire political, economic and social condition prevailing in Lebanon over the last 5 years. This period is characterized by a decline in economic activity. The Lebanese citizen's share in the overall government outlay increased, at current values, from 563 Lebanese pounds per person in 1977 to 2,262 per person in 1982. At fixed values, his share grew from 563 Lebanese pounds to 939 Lebanese pounds, an increase amounting to about 10 per cent per year (see Table 1).

During the period 1977-1982, the public budgets were characterized by large monetary deficits as a result of a decline in the state's receipts and a shift in state expenditures (see Table 2). State receipts of direct and indirect taxes declined as a result of certain concerns' evasion of income taxes, achieved by submitting falsified profit-and-loss statements. This was accompanied by lax auditing of these statements by the state apparatus, in addition to evasion through illegal channels, which cost the state enormous sums of money in foregone customs duties. The Lebanese finance minister stated that estimated revenues from customs duties are not expected to reach more than 300 million Lebanese pounds at a time when such returns should normally reach 1.4 billion Lebanese pounds. As for government spending, it has noticeably increased during this period as a result of the natural evolution of the state's expenses, inflation and the subsidy of fuel prices and certain foodstuffs, in addition to treasury credits granted by the state to certain institutions in the private sector for the facilitation of their needs and for spending on their programs at a cost of about 5 billion Lebanese pounds at the end of 1981.

Financing the Deficit and Inflationary Effects

To finance the budget deficit, the state turned to loans from the Bank of Lebanon and from commercial and foreign banks (see Table 3). Borrowing from the Bank of Lebanon was effected by opening two accounts with a combined ceiling of 2.5 billion Lebanese pounds, based on legislative ordinance No 123 of 30 June 1977. As for loans from banks, these were undertaken by issuing Treasury bonds for various periods of time at interest rates corresponding to the sudden rise in interest rates of foreign currencies, principally the American dollar. This method is characterized by the way in which it absorbs a portion of the excess liquidity of Lebanese banks, thereby lessening inflationary effects. The manner in which the budget's deficit is financed will affect the size of the commercial banks' cash concentrations and surplus reserves (surplus reserves equal the arithmetic difference between required reserves and the actual reserves on hand).

The sale of government bonds to commercial banks is accomplished by transferring the value of these bonds from the commercial banks to the government's account in the Central Bank. This leads to a fall in the commercial banks' surplus reserves. The financing of expenditures (or the deficit) by way of drawing checks on government deposits in the Central Bank leads to an increase in cash concentrations (circulating cash plus demand deposits) and surplus reserves with the commercial banks. Therefore, the end result of selling bonds to banks does not lead to any increase in the commercial banks' surplus reserves, due to the fact that the increase that occurs in the size of cash concentrations (as a result of government outlays) is accompanied by a decline in commercial banks' surplus reserves (as a result of their purchase of Treasury bonds). The result would not be much different if the bonds were sold to the public rather than to the commercial banks, but for this small difference selling to the public would certainly guarantee that there would be no increase in the size of cash concentrations, whereas selling to the banks occasionally leads to an insignificant increase in the size of cash concentrations, due to the fact that the decline in the commercial banks' surplus reserves mentioned above might not take full effect on the reduction in cash concentrations.

The inflationary part of the domestic financing of the deficit is represented in the credits obtained by the Treasury from the Bank of Lebanon, amounting to 1 million Lebanese pounds in 1981. This is in addition to the benefit derived by the state from the Central Bank's transfers, which includes 80 percent of the bank's rate of profit and the difference between the bank's assets (gold, foreign currencies) at the official rate and the actual purchase price of these assets. The difference from discounts alone reached 1.1 billion Lebanese pounds in 1981. This difference is the result of a fall in the exchange rate of the Lebanese pound vis-a-vis foreign currencies and gold. But instead of economic policy interfering to bolster the Lebanese pound's exchange rate, it exploits the pound's weakness in order to finance a deficit whose cost is being borne by neighboring banks. The result corresponds exactly to what results from debt from the Central Bank. The latter leads to an increase in the size of cash concentrations and, therefore, an increase in the size of demand. We also get a rise in prices and a new decline in the Lebanese pound's exchange rate and purchasing power.

This kind of inflationary financing constituted a high proportion of the state's budgets during the past 4 years, as shown in Table 2. As for external borrowing, this also has an inflationary effect. However, it is borne by developmental and construction projects and should not be a source of concern as long as such projects lead to an increase in production that helps to pay off the loans in the future.

To summarize: Financing by way of issuing Treasury bonds is relatively non-inflationary. However, what is financed through the Bank of Lebanon in the form of credits and transfers of discount profits has led, and will continue to lead, to a great raise in prices. And the ones who will bear the cost of this rise in prices are those who have a fixed income no matter how great the disparities become in terms of distribution of wealth among Lebanese social groups.

The Evolution of the Public Debt and the "Red Line"

The Lebanese war brought to the surface a new economic phenomenon called "the public debt." Up until 1975 this expression had no practical meaning. But since 1977, the administration of the public debt has commanded the attention of both officials and observers. The public debt is composed of credits obtained by the Treasury from the Central Bank of Lebanon, loans from commercial banks issuing Treasury bonds and foreign loans (see Table 3). The public debt does not guarantee financing from the Bank of Lebanon because the state is not committed to its repayment, in accordance with the Law of Currency and Credits. At the end of 1981, the accumulated debt reached 8.2 billion Lebanese pounds. It was expected to rise to 10.9 billion Lebanese pounds if the estimated monetary deficit for 1982 (2.7 billion Lebanese pounds) was financed in its entirety through loans, assuming the freezing of Arab aid of \$900 million earmarked for Lebanon, of which only \$384 million actually reached Lebanon. Despite this fact, as late as the end of last year Lebanese officials were still expressing assurances that the public debt would not reach difficult proportions, or the "red line," for three reasons:

- a. The proportion of the public debt to the gross national product remained within reasonable bounds and was less than in many industrialized countries. In 1980 it was estimated at 37 percent while it was 27 percent in the United States, 28 percent in Holland, 27 percent in Japan and 50 percent in Belgium.
- b. Most of the domestic debt is in the form of Treasury bonds and circulates between commercial banks or takes the form of credits from the Central Bank, whereas foreign loans constitute no more than 15 percent of the entire public debt.
- c. The state advanced large amounts of credit to Lebanese economic institutions. When the economic waters begin to flow again, these institutions will initiate the repayment of their loans, a fact that will allow for a reduction in the size of the public debt and make the debt more of a bookkeeping debt than a real debt.

It is worth noting here that the proportion of public debt to national income in 1981 is 48 percent (see Table 4). This debt was accumulated as a result

of a deficit disbursed for the most part in the form of current expenditures unattended by a real rise in national product, estimated at current prices and which fell from 6.1 billion Lebanese pounds in 1974 to 3.6 billion Lebanese pounds in 1981. We can see clearly that the proportion of the public debt to the gross national product has approached the "red line," especially if Arab aid doesn't reach Lebanon and if the Lebanese Government is forced to take out a maximum of loans domestically and abroad.

A Look to the Future of the Financial Situation

The question we must now consider is the following: What lies ahead for the financial situation if political and economic conditions remain the same, if the Lebanese state has difficulty in collecting customs duties and past due taxes and must continue to borrow from municipalities and institutions? What is the future of monetary policy if the public debt continues to accumulate and reaches a high percentage of the national income?

The finance minister stated that room for maneuver in this sphere is limited if a change in the political climate is not forthcoming in Lebanon and if a national consensus doesn't restore economic activity to its former level and restore power to the state apparatus to enforce the law and collect due taxes. For there to be even a partial improvement in the situation, the following proposed alternatives must be considered:

a. A review of the policy of subsidizing certain consumer items like fuels, particularly since the price differential borne by the Treasury does not constitute pure gain for the Lebanese consumer if we consider that the budget deficit has created inflationary pressures in the Lebanese economy. Consequently, this has led to a rise in the general price level of goods and services. Therefore, the Lebanese citizen gains money in the form of a subsidy, on the one hand, but loses money in the form of a loss of real income, on the other. The loss of real income results from the state's need to pay off the budget deficit by all the means at its disposal.

So far, this important point is still not clear in the minds of Lebanese citizens and many politicians and trade unionists. It has become customary to say that the state should supply this or that good or service and should help keep down the price of agricultural and industrial products. But no thought is given to the direct and indirect costs accruing to the Lebanese citizen because of the state's interference in a host of economic activities.

b. Encouragement of public economic institutions such as the electricity company of Lebanon, the water company, etc., to take out loans from Arab financial institutions and funds to finance the modernization of equipment, which would allow for an improvement in the quality, the expansion and the development of services available to the Lebanese citizen. Usually, Arab funds finance the purchase of equipment directly through the establishment of credits with the companies that produce such equipment abroad. If there were institutions capable of providing steady services like water, electricity, energy, etc., then the Lebanese citizen would prove more willing to pay higher taxes, especially since the ordinary citizen is already psychologically adjusted to further inflation.

This course of action would lighten the burden on the Lebanese Treasury by these institutions. It would also create incentives for production for private institutions based on the principle of economic efficiency in the management of vital services. Similarly, Arab financial institutions, including the development fund, offer loans with easy conditions. The reasons for the lack of aid from Arab funds so far are economic rather than political.

c. It is necessary for the state to give up its use of discounts and profit rate from the Bank of Lebanon and substitute instead Treasury bonds. Hence, Articles 113, 115 and 116 of the Cash and Credit Law relating to bank transfers to the state should be adjusted. In addition, there should be a coordination of monetary and fiscal policy as they relate to development plans.

d. The feasibility of getting a loan from the public should be studied. This would be accomplished by issuing medium- and long-term Treasury bonds linked to index, i.e., linking the bond's value to the cost-of-living index officially adopted by the state. Therefore, when the bonds become due the citizen would obtain the real value of the bond plus the annual interest due. This method has proved effective in most countries where inflation is a persistent aspect of the national economy. Its purpose is to preserve national supplies, on the one hand, and to find a way to properly adjust commercial exchange transactions, including state loans, on the other. In this respect, Brazil's experience has proved that measures like these limit the state's capacity for financing imports from the private sector to the public sector. Hence, the state loses the incentive to continue with this policy, which leads in the end to budgets with huge deficits.

Perhaps one of the advantages of this proposed kind of bond is that it gives the Lebanese state abundant time to strengthen its preparedness and its hold over the vital utilities in Lebanon until it is able to start levying taxes. By that time there might be a national consensus or a political settlement that will proceed along the desired road and permit the revitalization of economic activity. All of this should push the financially able Arab states to reinstate their economic aid to Lebanon. The fact there are people who will buy these guaranteed bonds is an important indicator of the perseverance of the Lebanese people. It indicates that the political situation is not as bad as it appears to the outside observer.

e. Some economic circles in Lebanon propose the possibility of selling a portion of the Lebanese pound's gold coverage to strengthen the Treasury's position, particularly since the gold coverage is currently at around 9.2 million ounces of gold with a market value of around \$3 billion based on a current estimated price of \$330 per ounce. In a television interview a few days ago (in the middle of March), the finance minister asserted that the gold coverage would not be infringed upon. The value of gold coverage in a country like Lebanon actually lies in not putting it to use, so that it is maintained as a source of confidence in the future of the Lebanese pound. In the mind of the ordinary citizen, the gold coverage is the last line of defense of the Lebanese pound. That's why to sell a portion of the gold coverage would give the impression that the government and monetary authorities have exhausted every possible means of bolstering the position of the pound. Moreover, even if that were the case, its timing is of utmost importance. The sale, if it were to take place,

should occur at a time when economic conditions are on the upswing, not at a time of decline, so as not to leave a psychological impression that might lead in the end to a run on the Lebanese pound despite a relative rise of interest rates vis-a-vis the pound.

At the beginning of this year the state's financial situation entered a difficult phase in which the future of the Lebanese pound is endangered unless a modicum of political stability is provided. This would in turn allow the state to urge the Arab states to extend economic aid to the Lebanese economy so as to facilitate even partial growth. To accomplish this, there must be further consideration of the policy of subsidizing basic commodities and of taking out public loans. These are two possible ways of reducing the deficit in the public budget, a deficit that grows larger year by year. There can't be a happy people while the state is in a wretched condition in terms of social prosperity. And the reverse is also true.

Table 1

The Budget's Development and the Lebanese Citizen's Share

Year	Total Budget at current prices**	Cost of living index	Budget at constant prices**	Population*	Citizen's share in current prices (L.L.)	Citizen's share in current prices (L.L.)
1977	1,662	100	1,662	2.94	563	563
1978	2,714	123	2,206	3.01	904	735
1979	3,100	145	2,138	3.09	1,003	692
1980	4,109	174	2,361	3.16	1,300	747
1981	6,599	205	3,219	3.24	2,037	994
1982	7,555	241	3,135	3.34	2,262	939

*Taken from UN estimates.

**[In millions of Lebanese pounds.]

Table 2

Funding of the Public Debt's Deficit & Supplements, 1981-82
(in millions of Lebanese pounds)

	1978	1979	1980	1981
Actual budget deficit ¹	477	791	2,341	2,918
Change in debt from the Bank of Lebanon	(130)	636	465	29
Treasury bonds in circulation	(526)	103	1,320	2,433
Change in foreign debt	51	52	556	456
Transfers from the Bank of Lebanon ²	1,048	733	1,045	1,597
Total	1,495	1,524	3,386	4,515
Public Debt & supplements	2,714	3,100	4,109	6,599
Expected deficit	857	994	1,367	1,973
Ratio of actual debt to budget	16.6%	25.5%	57%	44.2%
Ratio of transfers from Bank of Lebanon to budget	38.6%	23.6%	25.4%	24.2%
Ratio of total transfers to budget	55.2%	49.1%	82.4%	68.4%

Note: The 1978-81 budgets are planned budgets; the figure for the 1977 budget is established, and its deficit amounted to 570 million Lebanese pounds.

¹This study assumes that total net debt during the fiscal year equals the budget's deficit.

²Includes profits from subsidiary branches and 80 percent of the profits of the Bank of Lebanon. These transfers were carried out according to Articles 113, 115 and 116 of the Law of Currency and Credit.

Table 3

Lebanon's Public Debt, 1977-81
(in million of Lebanese pounds)

	1977	1978	1979	1980	1981
Debt owed to Bank of Lebanon	981	851	1,487	1,952	1,981
Treasury bonds	527	1,053	1,185	2,476	4,909
Debt owed abroad	200	251	303	859	1,315
Total	1,708	2,155	2,955	5,287	8,205

Table 4

Evolution of the Public Debt

Year	Total public debt (millions of pounds)	Total public budget (millions of pounds)	Total domestic product at current prices (millions of pounds)	Percentage of debt to national income
1977	1,708	2,714	8,200	20.8%
1978	2,155	3,100	8,800	24.5%
1979	2,955	4,109	11,150	26.5%
1980	5,287	6,599	14,000	37.7%
1981	8,205	7,555	17,000	48.2%
1982	10,905 ¹	-	-	-

¹Estimated.

²Taken from the central bank's annual report.

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CSO: 4404/487

PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

OPPOSITION CLAIMS UNITY WITH NORTH UNLIKELY UNDER PRESENT REGIME

Cairo AL-WAHDAH in Arabic No 20, 15 Apr 82, pp 4-5

[Text] Why does the ruling regime in Aden reject national unity? It is the means by which struggling peoples can confront colonialism's plots and dangerous legacy, and any attempt by colonialism at dividing (partitioning) the nation upon the attainment of political independence by the struggling peoples. In the difficult stage of national construction, (it) cannot be based on revolution, continuous revolution. Participation in the revolutionary struggle is the sole criterion in any national partition, because it is not right to classify the revolutionaries and fighters against imperialism in the ranks of the enemies of the revolution by any standard or philosophy. We asked for a free plebiscite in any form the people wish. We requested the guaranteed mobilization of all people and their right to exercise power in determining their society's direction and destiny, in building the new society desired by all, a society of abundance and justice.

With bitterness and pain we have witnessed the consequences of deviating from this path. Nevertheless, early on we presented everyone with sufficient information relating to the many designs on the region. At times we have been accused of hyperbole and distortion of the facts, and at others of hatred for the existing regime.

We don't claim to be prophets who predict the future, But we do say that any deviation from the path of national union, any rule of domestic terror, violence, and misery, any Marxist regime imposed by force, in fire and steel, is bound to lead to Yemen falling into the class of encroaching Soviet imperialism. Everything we predicted has come true. Soviet strategic designs on the oil wells of the Gulf and the Arabian peninsula have been exposed through its transformation of Aden into a Soviet base. Aden has been made into a point of departure (for expansion), just as the world has seen and as the non-aligned nations have had to admit. Events have moved quickly and taken on new forms. The bloody events occurring in Aden have produced an electrifying trend in many Arab and Islamic countries, particularly since the Soviet threat is violently pounding on the doors in many parts of the Arab world. As all of our brother Arabs know, the Republic of South Yemen has truly become a real military base for the Soviet Union and the Warsaw Pact allies. And despite everything South Yemen has witnessed in terms of changes, replacements and conflicts, bloody and otherwise, still Marxism

reigns there. From time to time Aden's rulers pretend to desire to open up the country to opposition, and profess a desire to share power, to forget the past. They don't bother to conceal that the regime in Aden once attempted (and continues to attempt, especially lately) to contact certain elements on an individual basis, overtly and covertly, through letters and representatives, with the avowed aim of [word indistinct] and starting a new page. The motives for which the regime in Aden embarked on this course are many and varied. They may be indicated as follows:

(1) After having unified its efforts and organized its ranks by gathering together the nationalist forces into one bloc, the forces of the opposition have laid the first cornerstone upon which to realize their objectives (objectives shared by the people as a whole). This has given rise to great apprehension on the part of the regime in Aden, because it knows that the entire people support, and have adopted, the demands of the opposition.

(2) Through widening their zone of support by means of assemblies and proclamations of many nations (no need to mention all of their names here) indicating their readiness to support the opposition, in order to remove the dangerous cancer represented by the regime in Aden.

(3) The increasing isolation of the regime in Aden, and its bankruptcy and inefficacy in all spheres, deteriorating economic, political and social conditions, and so on.

(4) The attempt by Aden's new rulers to win a measure of popularity through invoking republican and revolutionary names that carry weight. Also, the regime's attempt to escape its inexorable crisis by sending its delegations to meet with the opposition and win it over by transparent means and simple tricks. What did it do?

(a) First it started to contact republican leaders of some weight in an effort to win them over through bribery.

(b) It tried bribing certain groups and individuals, confident that they could satisfy anyone's desires. These methods were met with disdain and derision, even scorn.

(c) It tried to convince certain elements that the opposition's leadership is out of touch with its bases of support, i.e. the masses, so as to withdraw support from the opposition. But it failed.

(e) It tried to place the blame for everything that happened in Aden on the elements of the National Front who were assassinated in the power struggle there, and who tried to overthrow the regime, thereby transferring all responsibility for what happened in Aden. It forgets that our people's native intelligence can distinguish between the truth and outright lies.

(f) It tried to create the illusion that the new government in Aden was pursuing a new Arab and Islamic course. But it has yet to resolve decisively its battle with the remnants of the left. Instead, it seeks to grant a respite to the left, is responsible for everything. It asserts that Abd al-Fattah Ismail is the number one Soviet agent, a figure-head with no real responsibility.

(g) It asserts that there is currently no more terror or arrests, that the people's courts have been abolished, that law and order reign supreme,

that disputes are settled in a democratic manner, and other naive claims of this sort.

Naturally, no one paid any attention to the messengers and myrmidons of that regime. It was only natural also that they were met with dashed hopes here.

If the regime in Aden were serious in its calls for national unification, it would not have resorted to such devious means and cheap bribery tactics. No one believes them. If the regime were serious in its efforts, it would have immediately liberated the country from Soviet hegemony and officially proclaimed its commitment to an Arab and Islamic course. It would have genuinely returned to the Arab fold, and not resorted to deception. It fools no one when it allows itself to enter into dubious alliances and permits itself to be used cheaply for devious designs (of others).

The people's demands (which the opposition represents) are clear and well-known. The true criteria for judging the ruling regime lies in how well it puts these demands into effect. We do not tire of beseeching our brother Arabs not to be deceived by the slogans mouthed by the regime in Aden. It is a regime which has turned the country into a weapon at the service of superpower strategies. It has entered into dubious alliances and treaties without knowing where it is being led. It is carrying on a rule of violence and terror, and transforms the people's honorable into a part of the government's daily duties. It is incapable of seriously realizing national unification. We challenge the ruling regime (in Aden) to agree to receive a neutral, fact-finding mission to prove the truth of what we say...

We know the extent to which there are designs on our regions and on the Arab nation. We know very well of the series of episodes in the conspiracy drama. We swear before the honorable Arabs everywhere, and we repeat the oath taken before our own people, that we will carry on the struggle for the sake of our people's aspirations. We will not be deceived, or numbed by temptation and rumors, and we will not be stung twice.

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CSO: 4404/463

DEVELOPMENT PLAN FOCUSES ON DIVERSIFICATION OF RESOURCES

London AL-SHARQ AL-AWSAT in Arabic 5 Mar 82 p 5

[Interview With Planning Minister Hisham al-Nazir, Conducted by Wafa'i, Diyah on 4 March 1982: "Saudi Planning Minister Tells AL-SHARQ AL-AWSAT: New Development Plan Focuses on Shifting to Phase of Diversification of Income Sources"; place not given]

[Text] Saudi Planning Minister Shaykh Hisham al-Nazir held a series of meetings with British officials concerning economic and trade relations between Saudi Arabia and Great Britain during a visit to Great Britain which was concluded Wednesday evening.

AL-SHARQ AL-AWSAT met with the minister yesterday immediately following the conclusion of his visit with British Secretary of State for Foreign Affairs Douglas (Heard) and conducted the following interview with him:

[Question] What is your assessment of current economic and trade relations between Saudi Arabia and Great Britain?

[Answer] The United Kingdom has strong economic relations with the Kingdom of Saudi Arabia. Saudi Arabia is now Britain's 11th-ranked trading partner after having been 17th in 1973. This means that relations between the two countries are growing stronger and developing steadily to the benefit of both sides. The British are interested in seeing their companies win more trade projects. In return, we in the kingdom wish to have a number of states participating in a number of fields in the development process rather than having one state monopolize a certain field. Therefore, the interests of the two states come together in this effort.

[Question] Has agreement been reached on certain specific projects related to the development plan and economic and trade relations between the two countries during your visit?

[Answer] There are no official agreements in the exact sense. What I wish to point out here is that there are some 35,000 Britons working in the kingdom under large contracts with well known British companies. Our attention is

focused on long-range cooperation. This cooperation can only occur through joint projects, which I may say is their real aim in relation to these visits.

The talks with British officials and Mr (Heard) were good and constructive, especially since Minister (Heard) visited us previously at the Ministry of Planning when he came to the kingdom with Prime Minister Margaret Thatcher. He was interested in the development goals and the practical results of the plans that have been approved thus far.

[Question] What is your assessment of the results of the development plans and that part of the development plan that has been achieved thus far?

[Answer] Saudi Arabia has carried out two development plans thus far and will soon enter the third year of the third development plan. The budget of the first plan was around 45 billion riyals. The budget of the second plan was 498 billion riyals. We find that the world looked on the first plan--which had a budget of 45 billion riyals, as I said--as an ambitious plan. It viewed the second plan, with allocations of 498 billion riyals, as an ambitious plan, as well. We in the kingdom were somewhat divided as to how ambitious the plans were. Where should we start and where should we end? Some said that we would not be able to implement either of the two plans but the results were just the opposite. This is clear in the accomplishments that have been achieved thus far, including 24,000 kilometers of roads, 7,000 schools, 7 universities, 16,000 hospital beds, and many other projects. All this forced the world to acknowledge that the kingdom is really capable of implementing its plans. We have now entered the third plan with the same vision in view of the fact that we have accomplished and enlarged the capacity of the Saudi economy to accommodate a larger quantity of goods. Our ports can now receive greater quantities of goods and our roads are capable of handling the means of transport required for these goods. This could be one of the factors that have led to a reduction in the rate of inflation in the kingdom at the present time. Therefore, we have directed all our efforts in the subsequent plan toward changing the make-up of the Saudi economy. This means that we are moving by stages from a country that produces a single resource on which it depends for income to a state with diversified sources of income. This is actually what has begun to be done in the new plan.

[Question] What is the extent of the benefits and importance of the industrial projects implemented in the kingdom in this context?

[Answer] If these projects were not beneficial and important, they would not have been implemented. We implement our projects because every project has its goal and objective. I do not believe that there is any foreign partner who risks his capital for the establishment of a project that is not beneficial. Even if we granted for the sake of argument that the kingdom wanted to risk its capital for this purpose, I can say that this part of the development plan would be the part that is fought most strongly. Unfortunately, some organs of the Arab press have seized on this charge and have begun to circulate it for reasons of which we are well aware. For

example, when we carry out a roadbuilding project in the kingdom or in any other Arab country, we find that the impact of this project will be confined to the kingdom or the country in which the project is implemented. But when we build a petrochemicals plant for export using the latest technology compared to similar plants that are very old and in need of modernization, here you introduce a new factor into the real competition of a state using cheap energy in place of high-technology energy to enter the market. Therefore, you can easily find someone who will fight against it.

[Question] Despite a British press report that the kingdom is advancing toward an economic recession in the next few years, what is the accuracy of these reports?

[Answer] I am acquainted with these reports and I will not say anything about them other than that they are full of distortions. All the figures are mistaken and all the dates are mistaken and it is not unlikely in this case that we are drawing mistaken conclusions based on figures and dates of this kind. I am concerned here to stress that we in the kingdom do not base our economic policy on what people say and thus we are not affected by what is said. We in Saudi Arabia are in exactly the opposite situation from what was reported. Those abroad who deal with us know what I am saying.

Characteristics of the New Budget

[Question] What are the characteristics of the kingdom's new budget and what share is devoted to economic and trade projects?

[Answer] The budget is still under preparation at the present time and has not yet been announced. However, the existing projects put forward in the development plan have allocations in the budget. What will happen is that we will continue to implement the Jubayl and Yanbu' projects, the projects involving roads, desalination, education, and health, and all other listed in the third development plan.

[Question] What is the effect of the fluctuations that are now occurring in the oil market on the Saudi economy?

[Answer] The rapid oscillations involving sudden increases or decreases in price naturally have an unhealthy effect on the entire world economy, not just the Saudi economy.

Foreign Labor

[Question] How do you view the question of foreign labor in the kingdom or in any other Arab country and how do you assess its effect on the future of the economic situation?

[Answer] We in the kingdom view foreign labor as a temporary measure. The composition of this labor in our country in particular reveals this fact because 60 percent of the foreign labor in the kingdom is linked to

construction operations. This means that when these operations are completed, these workers must leave and return to their countries. The remaining 40 percent are connected with two fields: maintenance and administration. I believe that the Gulf states should concentrate on these two fields with regard to the training of local cadres. With regard to the training of administration cadres, we in the kingdom have seven universities that turn out hundreds of graduates each year. We have more than 23,000 students studying in various specialties who have a role to play in the future. Therefore, we do not see any danger from this standpoint. However, we believe that the process will take some time since there must be sufficient time to turn out university graduates and train them to perform integrated administrative work. There remains the vocational training field related to mid-level technical labor. We dedicate sufficient effort to this through vocational training and training on the job and in the industrial areas.

[Question] To what extent are your economic relations with foreign countries tied to their political positions? Is there a connection between politics and economics in this area?

[Answer] We normally do not link these matters in any strong way because if we tried to tie daily political actions to economic relations we would be in for many complications. The development process in Saudi Arabia occurs in accordance with definite laws and regulations and we do not in this case show partiality to one state over another or punish one state as opposed to another. If we did so, there would be unnecessary complications, as I said.

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